Consolidated Quarterly Report

at 31 March **2019**

Summary

COMPANY OFFICERS

Board of Directors (1)

Chairperson	Paolo Peveraro (1
Deputy Chairperson	Ettore Rocchi (3)
Chief Executive Officer	Massimiliano Bianco (4)
Directors	Moris Ferretti (5)
	Lorenza Franca Franzino (6)
	Alessandro Ghibellini (7)
	Fabiola Mascardi
	Marco Mezzalama (8)
	Paolo Pietrogrande (9)
	Marta Rocco (10)
	Licia Soncini (11)
	Isabella Tagliavini (12)
	Barbara Zanardi (13)

Board of Statutory Auditors (14)

Chairperson	Michele Rutigliano
Regular Auditors	Cristina Chiantia
	Simone Caprari
Alternate Auditors	Donatella Busso
	Marco Rossi

Financial Reporting Manager

Massimo Levrino

Independent Auditors

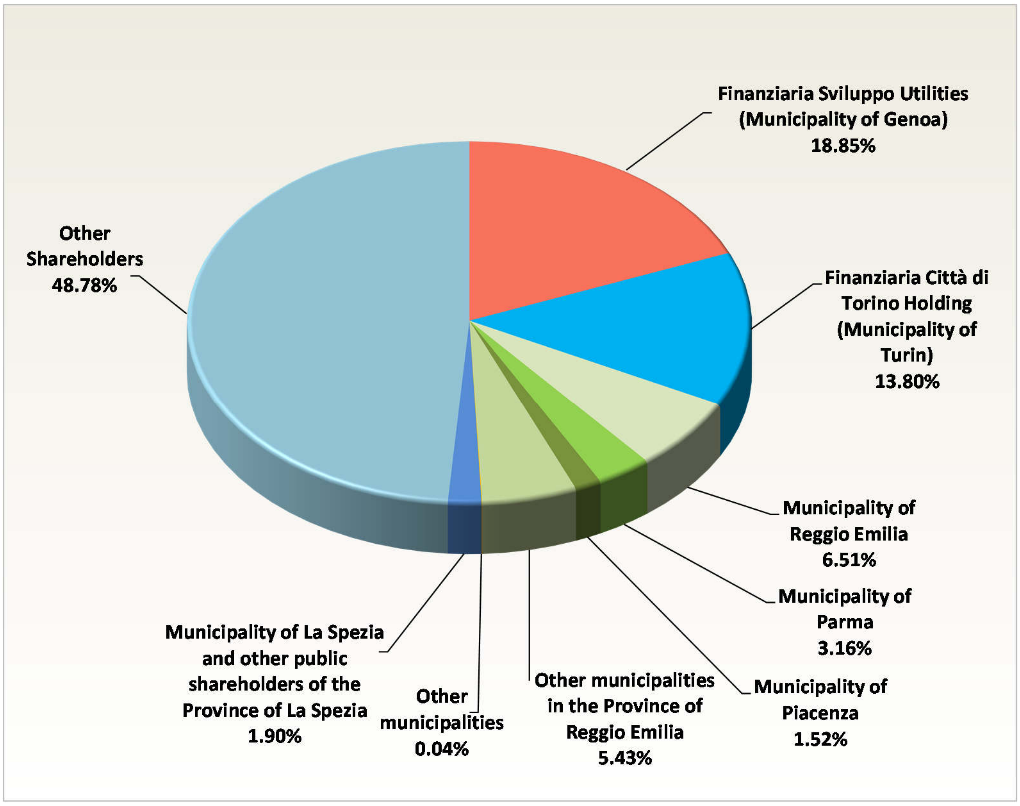
PricewaterhouseCoopers S.p.A. (15)

---

(1) Appointed by the Shareholders' Meeting of 9 May 2016 for the three years 2016-2017-2018.
(2) Appointed Chairperson by the Shareholders' Meeting of 09 May 2016.
(3) Appointed Deputy Chairperson at the meeting of the Board of Directors of 09 May 2016.
(4) Appointed Chief Executive Officer at the meeting of the Board of Directors of 09 May 2016.
(5) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016.
(6) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016.
(7) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016.
(8) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016.
(9) Member of the Control, Risk and Sustainability Committee appointed on 12 May 2016. Mr. Pietrogrande was also appointed Chairperson of the said Committee during the Committee meeting held on 18 May 2016.
(10) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016. Ms. Rocco was also appointed Chairperson of the Remuneration and Appointments Committee during the Committee meeting held on 24 May 2016.
(11) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016.
(12) Member of the Remuneration and Appointments Committee, appointed on 12 May 2016.
(13) Member of the Transactions with Related Parties Committee, appointed on 12 May 2016. Ms. Zanardi was also appointed Chairperson of the Transactions with Related Parties Committee during the Committee meeting held on 24 May 2016.
(14) Appointed by the Shareholders' Meeting of 19 April 2018 for the three years 2018-2019-2020.
(15) Appointed by the Shareholders' Meeting of 14 May 2012 for the nine years 2012–2020.

SHAREHOLDING STRUCTURE

At 31 March 2019, the Company's share capital amounted to 1,300,931,377 euro, fully paid up, and was made up of ordinary shares with a par value of 1 euro each. On this date, based on the information available to the company, the Iren shareholding structure is presented below.



At 31 March 2019 there are no private shareholders that hold a stake of more than 3% of the share capital.

A century of **history**

1905
The Parma municipal company for electric lighting is founded

1907
The Turin municipal company AEM is founded

1922
The Genoa municipal company for gas is founded

1936
The Genoa municipal company becomes AMGA

1962
The Reggio Emilia municipal company AMG is founded

1965
The Parma municipal company becomes AMPS

1972
The Piacenza municipal company ASM is founded

1994
From the Reggio Emilia municipal company AGAC is set up

Mission

Offering our customers and our territories the best integrated management of energy, water and environmental resources with innovative and sustainable solutions to create value over time.

For everyone, every day.

1996
AMGA Genoa is listed on the Stock Exchange

2000
AEM Turin is listed on the Stock Exchange and ASM Piacenza becomes TESA

2005
AMPS, TESA and AGAC set up ENIA

2006
AEM Turin and AMGA Genoa set up IRIDE

2007
ENIA is listed on the Stock Exchange

2010
IRIDE and ENIA set up IREN

2015
AMIAT enters to be part of Iren Group

2016
IRETI is born
TRM and ATENA Vercelli enter the Group

2018
ACAM La Spezia joins the Group

A company that has been attentive to the **development of its territories** and its **customers'** needs for more than **110 years.**

Vision

Improving people's quality of life. Making companies more competitive. Looking at territorial growth with a focus on change. Merging development and sustainability into one unique value. We are the multi-utility company that wants to realise this future through innovative choices.

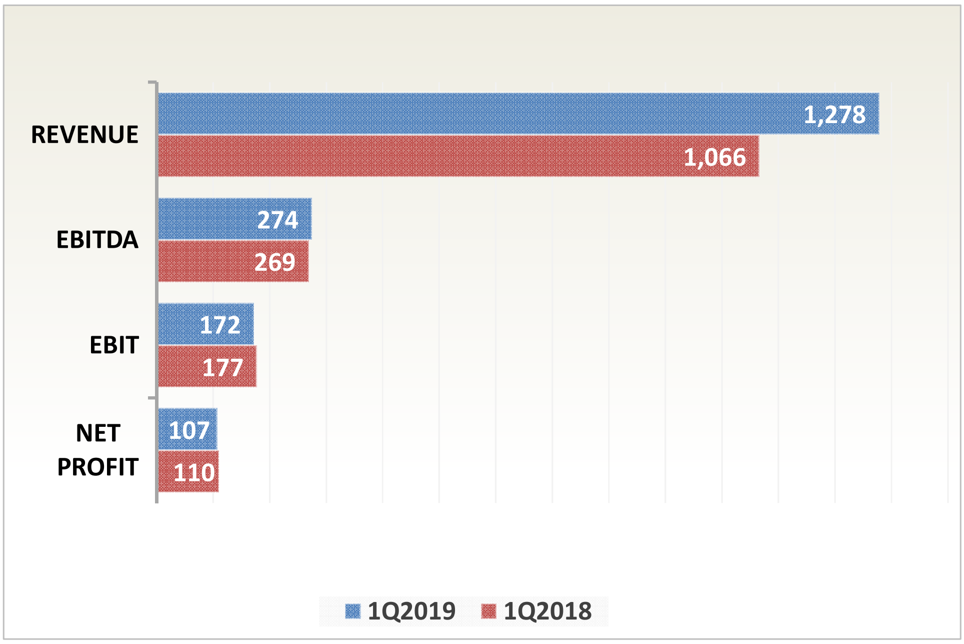
For everyone, every day.

KEY FIGURES OF THE IREN GROUP: FIRST QUARTER 2019 HIGHLIGHTS

Economic data

millions of euro

	First 3 months 2019	First 3 months 2018	Change %
Revenue	1,278	1,066	19.9
EBITDA	274	269	1.9
EBIT	172	177	(3.1)
Net profit	107	110	(2.9)
EBITDA Margin (EBITDA/Revenue)	21.4%	25.2%	

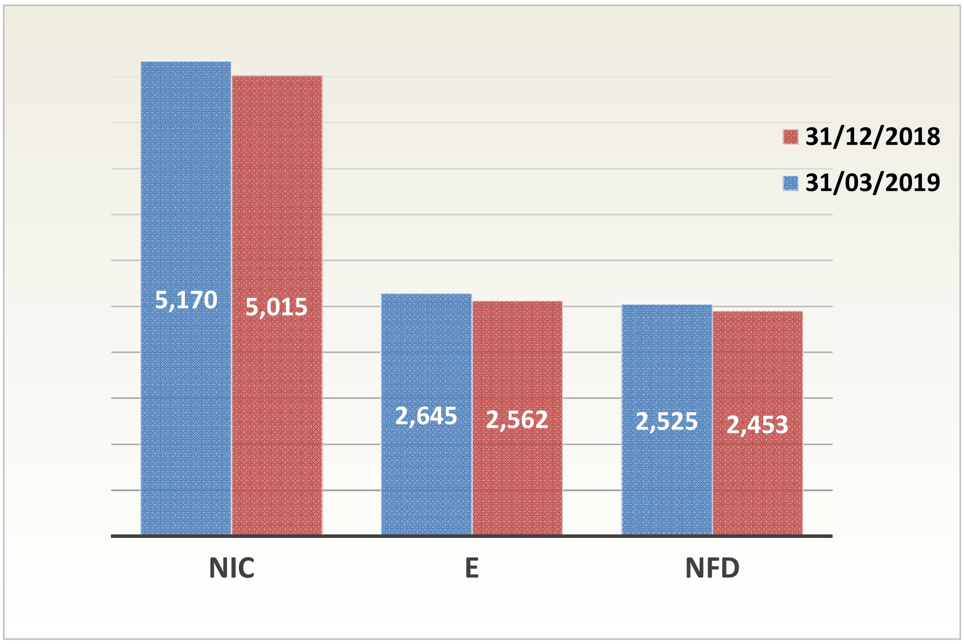


Financial position data

millions of euro

	31.03.2019	31.12.2018	Change %
Net Invested Capital (NIC) (*)	5,170	5,015	3.1
Equity (E)	2,645	2,562	3.2
Net Financial Debt (NFD) (*)	2,525	2,453	3.0
Debt/Equity (Net Financial Debt/Equity)	0.95	0.96	

(*) The Net Invested Capital and the Net Financial Debt included at 31 March 2019 the effect of the international accounting standard IFRS 16 - *Leases*, applied from 1 January 2019. For further information please see the section "Basis of preparation".

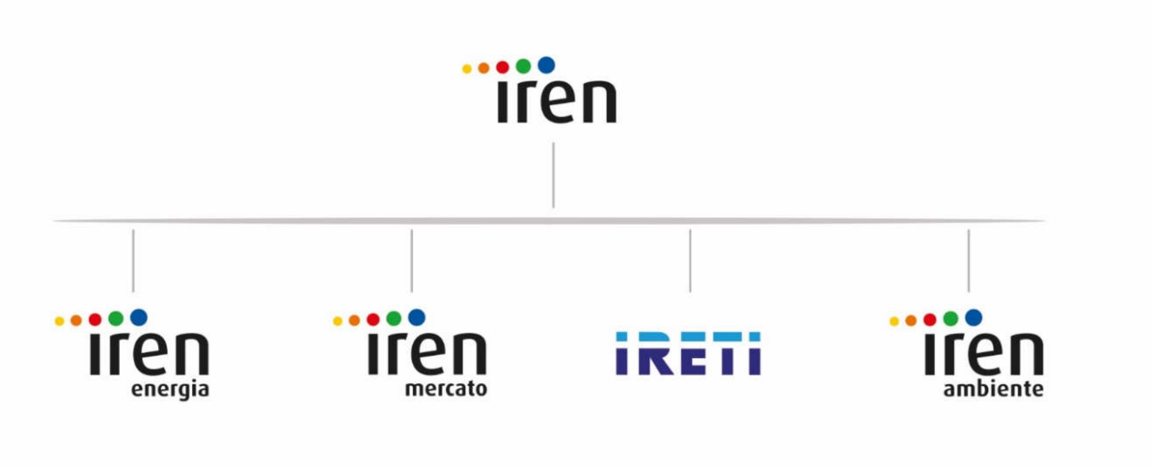


Technical and commercial data

	First 3 months 2019	First 3 months 2018	Change %
Electricity produced (GWh)	2,985	2,538	17.6
Thermal energy produced (GWht)	1,404	1,405	(0.1)
Electricity distributed (GWh)	989	981	0.8
Gas distributed (mln m^3)	566	632	(10.4)
Water distributed (mln m^3)	46	42	9.5
Electricity sold (GWh)	5,044	3,781	33.4
Gas sold (mln m^3)*	1,026	995	3.1
District heating volume (mln m^3)	94	87	7.8
Waste handled (tonnes)	633,827	488,050	29.9

* of which, 560 mln m^3 for internal use in the first 3 months of 2019 (487 mln m^3 in the first 3 months of 2018, +15%)

THE CORPORATE STRUCTURE OF THE IREN GROUP



The presentation includes the Companies directly and entirely controlled by Iren S.p.A. In addition, Iren S.p.A. has a direct equity interest in the associate Plurigas S.p.A. – this company was placed in voluntary liquidation by the Shareholders' Meeting of 27 March 2013.

The Group is structured according to a model which provides for an industrial holding company, with registered office in Reggio Emilia, and four companies responsible for the single business lines operating in the main operating bases of Genoa, Parma, Piacenza, Reggio Emilia, Turin, Vercelli and, since this past April, also La Spezia.
The Holding is responsible for the strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and guidance of the companies operating in their respective sectors:

- Networks, which operates in the field of the integrated water cycle, and in the gas distribution and electricity distribution sectors;
- Waste Management, which performs the activities of waste collection and disposal;
- Energy, operating in the sectors of electricity production, district heating and energy efficiency;
- Market, active in the sale of electricity, gas and heat.

The Group has an important customer portfolio and a significant number of plants supporting operating activities; some indicators of the group's size are reported below:

Gas Distribution: through its network of 8,028 kilometres Iren serves more than 742,000 customers.

Electricity Distribution: with 7,692 kilometres of high, medium and low voltage underground and overhead networks, the Group distributes electricity to almost 721,000 customers in Turin, Parma and Vercelli.

Integrated water cycle: with 23,360 kilometres of pipeline networks, 11,162 of sewerage networks and 1,323 treatment plants, Iren provides services to just less than 2,830,000 residents.

Waste management cycle: with 154 equipped ecological stations, 3 waste-to-energy plants, 2 active landfill sites, 27 treatment, selection, storage and composting plants, the Group serves 165 municipalities for a total of approximately 2,320,000 residents and almost 2,300,000 tonnes managed in 2018.

Production of electricity and heat: the Group has a considerable number of electricity production plants, mainly hydroelectric and cogeneration plants, with production of thermal energy distributed through an urban district heating network, with total installed capacity of approximately 2,852 MW of electricity.

District heating: through around 993 kilometres of dual-pipe underground networks the Iren Group supplies heating for an overall volume of 93.7 million m^3, equivalent to a population served of over 868,000 residents.

Sales of gas, electricity and heat energy: during 2018 the Group sold more than 2.6 billion m^3 of gas, just less than 16,000 GWh of electricity and approximately 2,900 GWh_t of heat for the district heating networks.

On 1 April 2018, the ACAM group, operating in the management of the integrated water and environmental hygiene service in the province of La Spezia, became part of the Iren group.
In particular, ACAM Acque S.p.A. is the group company that carries on its business, as leading operator, in the sector of management of the Integrated Water Service (IWS), overseeing all stages of the water cycle, from water catchment to the subsequent stages of purification and distribution to users, collection and transport of civil and industrial waste water and purification. The company operates in 26 municipalities in the province of La Spezia, serving approximately 207,000 residents through approximately 1,900 kilometres of water network and 858 kilometres of sewer network.
The company ACAM Ambiente S.p.A. is the main manger of the integrated waste cycle in the province of La Spezia and provides urban hygiene services to a catchment area of approximately 205,000 residents (door-to-door collection, road collection and sweeping and urban cleaning) and waste processing through the management of 9 collection centres. Through the company ReCos S.p.A., it manages waste reclamation and processing plants with collection and composting centres and the activity of sending separated materials for recycling.
On 30 January 2019 the Group, through Iren Ambiente, completed the acquisition of the entire equity interest in the company San Germano S.r.l. and in its subsidiary CMT S.p.A., held by the Derichebourg Group. The operation came into effect on fulfilment of a number of conditions precedent provided for in the preliminary acquisition contract, signed by the parties on 17 October 2018.
The transaction is part of a process of development of Iren through the Waste Management Business Unit, facilitating achievement of industrial growth objectives thanks to the acquisition of greater competitive abilities in the collection activity and to the development of recycling activities, both expanding the presence in the core territories (Piedmont and Emilia Romagna) and extending the business into new geographical areas considered of prospective interest (Sardinia).

NETWORKS BU

The lead company IRETI and the business unit’s subsidiaries handle the integrated water cycle, electricity distribution, natural gas distribution and other minor activities.

Integrated Water Services
IRETI, directly and through the operating subsidiaries Iren Acqua, Iren Acqua Tigullio, ASM Vercelli and ACAM Acque, as mentioned above, operates in the field of water supply, sewerage and waste water treatment in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia, and several municipalities in the regions of Piedmont, Valle d’Aosta, Lombardy and Veneto.
Overall, in the optimal territorial areas ("Ambiti Territoriali Ottimali" - ATOs) managed, the service is provided in 265 municipalities serving over 2.8 million residents.
During the first 3 months of 2019 the Networks BU distributed approximately 46 million m^3 of water, through a distribution network of 23,360 km. As regards waste water, the company manages a total sewerage network spanning 11,162 kilometres.

Gas distribution
IRETI distributes natural gas in 75 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza, in the Municipality of Genoa and in 19 other municipalities nearby. Through ASM Vercelli it distributes gas in the City of Vercelli and in 11 other municipalities of the province. The distribution network made up of 8,028 kilometres of high, medium and low-pressure pipes serves a catchment area of approximately 742,000 customers.
During the first 3 months of 2019, IRETI introduced 566 million m^3 of gas into the network.

Electricity distribution
IRETI provides the electricity distribution service in the cities of Turin, Parma and, through ASM Vercelli, in the city of Vercelli with 7,692 kilometres of network in medium and low voltage. Electricity distributed in the first 3 months of 2019 amounted to 989 GWh.

WASTE MANAGEMENT BU

The Waste Management Business Unit carries out waste collection and disposal activities mainly through geographically distributed companies: Iren Ambiente, operating in the Emilia area, AMIAT, TRM, ASM Vercelli, operating in the Piedmont area, ACAM Ambiente and ReCos operating in the Liguria area.
The Waste Management BU carries out all the activities of the urban waste management chain (collection, selection, recovery and disposal) with particular attention to sustainable development and to environmental protection confirmed by growing levels of separated waste collection; it also manages an important customer portfolio to which it provides all the services for special waste disposal.
The Waste Management BU's plants consist mainly of 3 waste-to-energy plants (TRM, in Turin, with more than 130,000 tonnes disposed of in the first quarter of 2019, PAI, in Parma, with approximately 41,000 tonnes and Tecnoborgo, in Piacenza, with approximately 29,000 tonnes).
As mentioned above in February 2019 the San Germano Group also became part of the Waste Management BU. In particular the parent company San Germano is based in Pianezza (Turin) and operates in waste collection and transport (250 kton/year) in 145 municipalities for approximately one million inhabitants served in the regions Piedmont, Sardinia, Lombardy and Emilia Romagna, with an annual turnover of approximately 65 million euro. The company has 20 operating sites and a workforce of more than 800 employees. CMT, its subsidiary, operates in the treatment of separately-collected waste and paper, cardboard and plastic recycling, with turnover of approximately 11 million euro, at 6 sites in Piedmont and Sardinia, among which Pianezza and La Loggia, for an authorised capacity of approximately 100 Kton/year.

ENERGY BU

Production of electricity and heat

The Energy BU has total installed capacity of 2,852 MW (in electricity). Specifically, it has 28 electricity production plants directly available to it: 20 hydroelectric plants (of which 3 mini-hydro plants contributed with acquisition of the company Maira), 6 thermoelectric cogeneration plants and 1 conventional thermoelectric plant, to which must be added 1 cogeneration plant managed on the basis of a business unit rental contract. The Energy BU also has 194 photovoltaic production plants with installed capacity of 20 MW.
All primary energy sources used – hydroelectric and cogeneration – are eco-friendly. In particular, the hydroelectric production system plays an important role in environmental protection, as it uses a renewable and clean resource, without the emission of pollutants, and reduces the need to make use of other forms of production that have a greater environmental impact.
On the thermoelectric side, 40% of total heat production capacity is generated by Group-owned cogeneration plants, while the remainder comes from conventional heat generators. Iren Energia also oversees the Group's electricity and thermal energy planning and dispatching activities, as well as operations on the power exchange.
In September 2018, Iren Energia acquired 66.23% of Maira S.p.A., a company operating in the construction and management of hydroelectric plants in Piedmont, owner of 3 mini-hydro plants located in Val Maira (province of Cuneo), of a photovoltaic plant (11 KWp) and of a woodchip boiler (400 kWt) fed through a short supply chain.

District Heating

Iren Energia has the largest district heating network in the country with 993 kilometres of dual pipes. The extension of the dual-pipe network amounts to 632 km in the territory of Turin, 10 in the Municipality of Genoa, 220 in the Municipality of Reggio Emilia, 103 in the Municipality of Parma and 28 in the Municipality of Piacenza. The total volume heated at 31 March 2019 amounted, in the catchment area historically served by the company, to 88.4 million m³. To this volume must be added the 5.3 million m³ in the catchment area managed on the basis of the annual rental of the SEI Energia business unit, operating in the municipalities of Grugliasco, Rivoli and Collegno, making the total 93.8 million m³.

Energy efficiency services

Iren Energia, through its subsidiary Iren Rinnovabili, handles the development and management of public street lighting, traffic light and similar services and, in particular, operates in the energy efficiency sector, performing activities for the design, creation and management of actions to reduce consumption and save energy. In addition, it operates in the business of supplying energy services and global services destined for residential buildings, private and public structures and industrial and commercial complexes, and in the study, design, construction, installation, management, maintenance and conduction of the related heating, conditioning, water, sanitary, refrigeration, electrical and solar panel systems.

MARKET BU

Through Iren Mercato and Salerno Energia Vendite, the Group sells electricity, gas and heat, through district heating networks, supplies fuel for the Group, and provides customer management services to the Group's investee companies. On 6 September 2018 Iren Mercato and the company Spienergy finalised the transaction for the acquisition, by Iren Mercato, of the entire equity interest held by Spienergy in Spezia Energy Trading based in La Spezia. The company operates in the sale of gas and electricity on the final market, mainly small and medium-sized enterprises, both through its own commercial network and through a portfolio of third-party commercial partners that operate reselling the commodity acquired wholesale.

Iren Mercato operates, in the context of the free market, all over the country, with a higher concentration of customers served in Central and Northern Italy, and handles the sale of the energy provided by the Group's various sources on the market, represented by final customers and wholesalers. The main Group energy sources available for its activities are the thermoelectric and hydroelectric plants of Iren Energia. Iren Mercato also acts as "higher protection" service operator for retail customers in the electricity market in the Province of Turin and the Parma area; historically it operated in the direct sale of natural gas in the territories of Genoa and Turin, and in Emilia. Lastly, it handles heat sales to district heating customers in the Municipality of Turin and the provincial capitals of Reggio Emilia, Parma, Piacenza and Genoa and sales development in new district heating areas.

During 2018, the new downstream business line became fully operational. It was launched during 2017 and sells retail customers innovative products in the areas of home automation, energy saving and domestic plant maintenance. Again in 2018 "IrenGO at zero emissions" was also launched; this is an innovative offer for electric mobility aimed at private and business customers and public bodies with the objective of reducing the environmental impact of mobility. The Group has already tested the potentials and benefits of e-mobility through the internal launch of a series of initiatives, such as the installation of recharging infrastructures and the gradual introduction of electric vehicles, adopting and applying the electric mode. All the IrenGO internal and external electric mobility initiatives have 100% green energy supply coming from the Group's hydroelectric plants.

Sale of Natural Gas

Total volumes of natural gas procured during the first quarter of 2019 were approximately 1,026 million cubic metres, of which 466 million were sold to final customers outside the Group and 560 million were used within the Iren Group both for electricity and thermal energy production and for the provision of heating services. At 31 March 2019, gas customers managed by the Market Business Unit amounted to more than 917,000, mainly spread throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development areas, and customers of the catchment areas of Vercelli brought in by Atena Trading and the area in Campania brought in by Salerno Energia Vendite. In particular, Salerno Energia Vendite is present in almost all the provinces in Campania as well as in a number of municipalities of the Basilicata, Calabria, Tuscany and Lazio regions. The catchment area expanded further with the acquisition of Spezia Energy Trading which operates mainly in the La Spezia area.

Sale of electricity

The volumes sold in the first 3 months of 2019 by the Market BU amounted to 2,748 GWh. Retail electricity customers managed at 31 March 2019 were more than 877,000, distributed mainly in the areas traditionally served, corresponding to Turin and Parma, and in the other areas covered commercially by Iren Mercato and by Atena Trading and, from the fourth quarter of 2018, also by Spezia Energy Trading.

Sale of heat through the district heating network

Iren Mercato manages the sale of heat, purchased from Iren Energia, to customers receiving district heating in the municipalities of Turin, Nichelino, Genoa, Reggio Emilia, Piacenza and Parma.

INFORMATION ON THE IREN STOCK IN THE FIRST QUARTER OF 2019

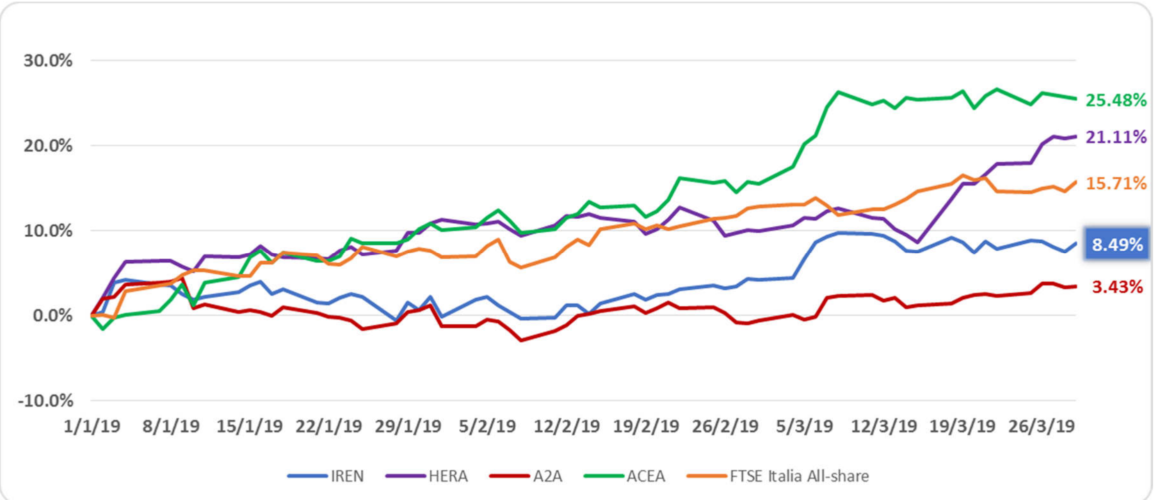
Iren stock performance on the Stock Exchange

During the first quarter of 2019, the FTSE Italia All-Share (the main Borsa Italiana index) recorded an increase of 15.71%, due mainly to lower tensions on the financial markets, boosted by the expansive policies of the central banks.

In this context, multiutilities replicated, each in a specific way, the upward trend of the main index. In particular, they recorded very different performances, depending on the level of exposure to an energy scenario characterised by high volatility.

ACEA and HERA, which among the direct competitors have a higher proportion of regulated activities among the businesses managed, overperformed the market index. Iren and A2A, which instead have a relatively higher exposure to free activities, were affected in a more accentuated manner by the unfavourable trend in commodity prices, combined besides with weather in the period characterised by mild temperatures.

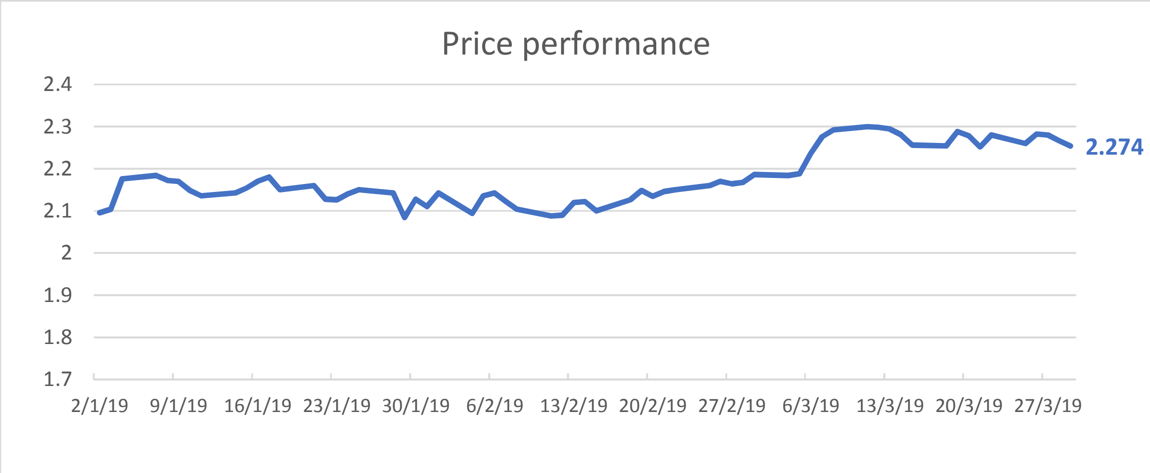
Performance of Iren stock compared to competitors

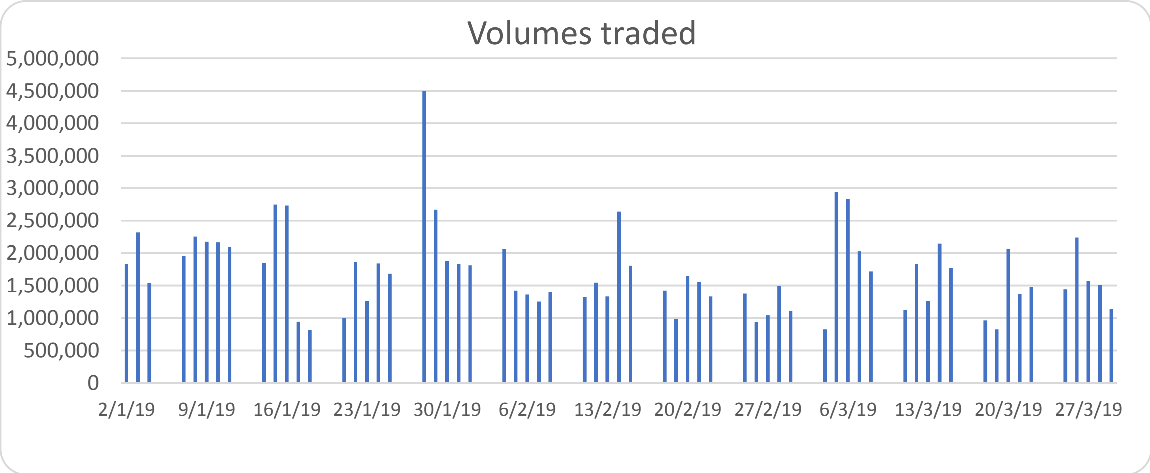


At 29 March 2019, the last trading day in the first quarter, the price of Iren stock stood at 2.274 euro per share, with average trading volumes during the period of approximately 1.71 million units per day.

The average price in the first quarter was 2.18 euro per share. The maximum in the period, of 2.30 euro per share, was recorded on 3 March 2019; the minimum in the period (2.084 euro per share) was instead recorded on 28 January.

The two charts below show the price performance and volumes traded in Iren stock in the first quarter of 2019.





Stock coverage
During the period the Iren Group was followed by eight brokers: Banca IMI, Banca Akros, Equita, Fidentiis, Intermonte, KeplerCheuvreux, Main First and Mediobanca.

Directors' report

at 31 March **2019**

SIGNIFICANT EVENTS OF THE PERIOD

Acquisition of Busseto Servizi

On 8 January 2019 IRETI and the Municipality of Busseto (province of Parma) signed a contract for the transfer of all the shares of Busseto Servizi S.r.l.. The company manages the natural gas distribution service in the said Municipality, with more than 3,000 redelivery points present on a total of 90 km of network. The operation follows the result of the public tender issued by the Municipality on 18 July 2018, awarded to IRETI for approximately 4.1 million euro.

The contractual conditions associated with the acquisition provide for, until the next minimum territorial area ("Ambito Territoriale Minimo" - ATeM) tender, keeping Busseto Servizi as a separate corporate entity, with the related personnel currently employed, conservation of an operational headquarters in the old town centre and the commitment for Iren not to transfer the shares of the company for 2 years.

The operation is of particular significance from the industrial point of view, because the gas distribution infrastructure of Busseto Servizi is situated in one of the main ATeM of reference for the Group, of which IRETI holds, after this acquisition, 77% of the network.

Acquisition of the San Germano Group

On 30 January 2019 the Group, through Iren Ambiente, completed the acquisition of the entire equity interest in the company San Germano S.r.l. and in its subsidiary CMT S.p.A., held by the Derichebourg Group. The operation came into effect on fulfilment of a number of conditions precedent provided for in the preliminary acquisition contract, signed by the parties on 17 October 2018.

San Germano is based in Pianezza (Turin) and operates in waste collection and transport (250 kton/year) in 145 municipalities for approximately one million inhabitants served in the regions Piedmont, Sardinia, Lombardy and Emilia Romagna, with an annual turnover of approximately 65 million euro. The company has 20 operating sites and a workforce of more than 800 employees.

CMT operates in the treatment of separately-collected waste and paper, cardboard and plastic recycling, with turnover of approximately 11 million euro, at 6 sites in Piedmont and Sardinia, for an authorised capacity of approximately 100 Kton/year.

The transaction is part of a process of development of Iren through the Waste Management Business Unit, facilitating achievement of industrial growth objectives thanks to the acquisition of greater competitive abilities in the collection activity and to the development of recycling activities, both expanding the presence in the core territories (Piedmont and Emilia Romagna) and extending the business into new geographical areas considered of prospective interest (Sardinia).

Shareholders' agreement between IREN and First State Investments related to OLT Offshore LNG Toscana S.p.A.

On 22 March 2019 a shareholders' agreement was signed by, on the one hand, Iren Mercato and ASA - Azienda Servizi Ambientali S.p.A. (ASA), a company in which the Group has a 40% stake, and, on the other hand, First State SP S.à r.l. ("First State Investments" – FSI), related to the governance and to the circulation of the equity investments in OLT Offshore LNG Toscana (OLT), the company that has developed and manages the "FSRU Toscana" regasification plant with a capacity of 3.75 billion m^3 a year, anchored off the Tuscan coast.

First State Investments, the international division of Colonial First State Global Asset Management, operates in the management of infrastructural investments and holds, among other things, a large portfolio of equity investments in utilities operating in various European countries.

The agreement was signed at the same time as the signing of a sale contract between FSI and Uniper Global Commodities SE (which holds, jointly with Iren Mercato, control over OLT), regarding the sale of all OLT shares owned by the said Uniper, and will take effect at the moment of closing of this sale.

Under the terms of the agreements currently in being between Uniper, Iren and ASA, Iren and ASA are given a right of co-sale regarding all or some of the OLT shares that they currently hold, at the same terms and conditions laid down for the sale of the shares owned by Uniper. This right may be exercised within 6 months after receiving – also on 22 March 2019 – the notice related to the sale by Uniper to FSI. Following these developments and in the context of the agreements reached with Uniper and FSI, the Iren Group is assessing all the viable options for making the most of its equity investment in OLT, considered no longer strategic in the context of the Group's portfolio of assets, continuing at the same time to support the development of the company.

FINANCIAL POSITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE IREN GROUP

Income statement

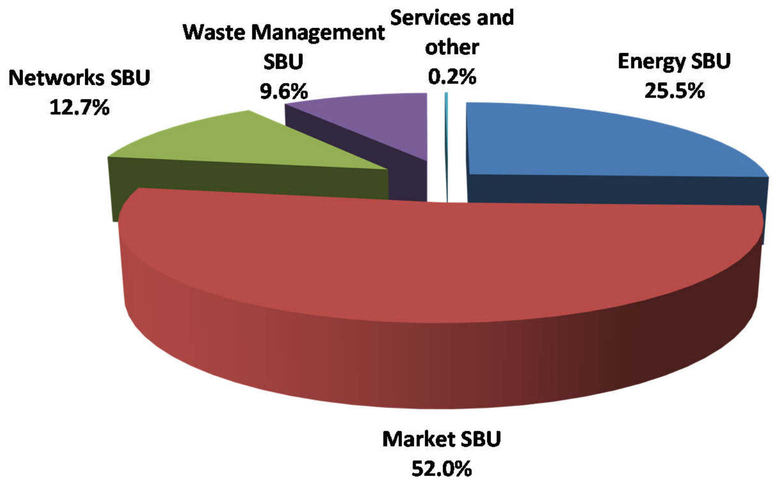
IREN GROUP INCOME STATEMENT

thousands of euro

	First three months 2019	First three months 2018	Change %
Revenue			
Revenue from goods and services	1,235,335	1,006,125	22.8
Change in work in progress	-	-	-
Other income	42,311	59,377	(28.7)
Total revenue	**1,277,646**	**1,065,502**	**19.9**
Operating expenses			
Raw materials, consumables, supplies and goods	(508,113)	(389,778)	30.4
Services and use of third-party assets	(375,765)	(304,049)	23.6
Other operating expenses	(16,659)	(17,019)	(2.1)
Capitalised expenses for internal work	7,423	7,249	2.4
Personnel expenses	(110,309)	(92,720)	19.0
Total operating expenses	**(1,003,423)**	**(796,317)**	**26.0**
GROSS OPERATING PROFIT (EBITDA)	**274,223**	**269,185**	**1.9**
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(94,279)	(82,519)	14.3
Provisions for impairment of receivables	(4,655)	(5,205)	(10.6)
Other provisions and impairment losses	(3,515)	(4,127)	(14.8)
Total depreciation, amortisation, provisions and impairment losses	**(102,449)**	**(91,851)**	**11.5**
OPERATING PROFIT (EBIT)	**171,774**	**177,334**	**(3.1)**
Financial income and expense			
Financial income	6,213	5,878	5.7
Financial expense	(26,032)	(24,564)	6.0
Total financial income and expense	**(19,819)**	**(18,686)**	**6.1**
Share of profit/(loss) of associates accounted for using the equity method	(76)	(636)	(88.1)
Value adjustments on equity investments	-	-	-
Profit/(loss) before tax	**151,879**	**158,012**	**(3.9)**
Income tax expense	(45,315)	(48,211)	(6.0)
Net profit/(loss) from continuing operations	**106,564**	**109,801**	**(2.9)**
Net profit/(loss) from discontinued operations	-	-	-
Net profit/(loss) for the period	**106,564**	**109,801**	**(2.9)**
attributable to:			
- Profit/(loss) for the period attributable to shareholders	99,940	103,215	(3.2)
- Profit/(loss) for the period attributable to minorities	6,624	6,586	0.6

Revenue

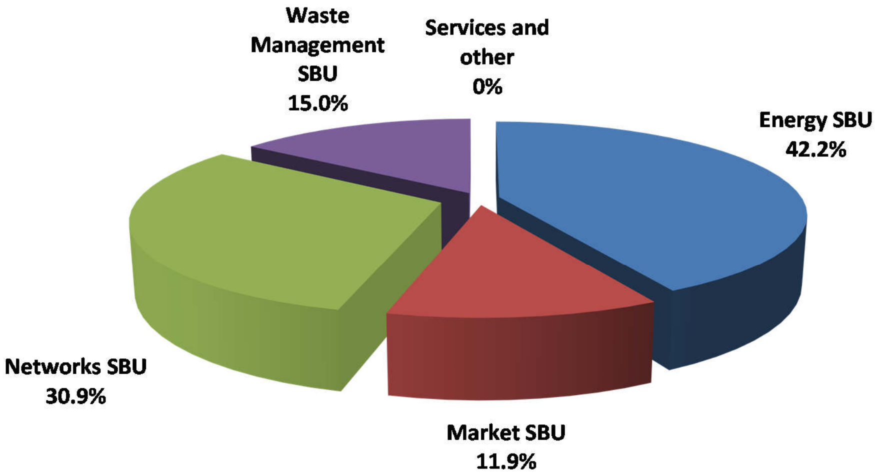
At 31 March 2019, the Group achieved revenue of 1,278 million euro, up by +19.9% compared to the 1,066 million euro of the corresponding period of financial year 2018. The increase in revenue was mainly the combined effect of the higher production of electricity, both hydroelectric and thermoelectric, the increase in the electricity price and the expansion of the consolidation scope: in particular the ACAM La Spezia group companies, starting from 1 April 2018, Maira and Spezia Energy Trading consolidated from October 2018, and San Germano from 1 January 2019.



Gross Operating Profit (EBITDA)

The gross operating profit amounted to 274 million euro, up by 1.9% compared to 269 million euro in the first quarter of 2018.

The first quarter of 2019 was characterised by an improvement which regarded all business lines with the sole exception of the sale of electricity and gas, for which there was a decrease in profit. The profits of the Market SBU were negatively affected by the lack of accounting effects associated with previous one-off adjustment items characterising 2018 and, regarding gas sales, also unfavourable weather conditions and decreased margins. We can also note that, during the first quarter of 2018, previous energy efficiency certificates were recognised in the Energy SBU, generating contingent assets of around 14 million euro.



Operating profit (EBIT)

Operating profit totalled 172 million euro, an down -3.1% compared to the 177 million euro of the first quarter of 2018. Higher depreciation and amortisation of approximately 12 million euro was recorded, deriving mainly from the expansion of the consolidation scope and greater provisions and impairment losses of approximately 1 million euro.

Financial income and expense

The economic components of a financial nature showed a balance of net financial expenses of 19.8 million euro (18.7 million euro in the first quarter of 2018).
In particular, financial expenses amounted to 26 million euro (24.6 million euro in the first quarter of 2018). The slight increase is attributable to items of an accounting nature namely the recognition of interest expense related to leases recognised following the adoption of IFRS 16, in part mitigated by the decrease in the average cost of financial debt.
Financial income amounted to 6.2 million euro, substantially in line with the figure for the first quarter of 2018.

Share of profit (loss) of associates accounted for using the equity method

In the first quarter of 2019, the profit/(loss) of associates accounted for using the equity method showed an insignificant figure. The figure for the first quarter of 2018 (-0.6 million euro) was substantially attributable to the portion of the result of OLT Offshore LNG Toscana, the stake in which, as it is currently recognised under "Assets held for sale", is no longer measured with the equity method.

Value adjustments on equity investments

The item is not included in either of the periods analysed.

Profit/(loss) before tax

As a result of the above trends the consolidated profit before tax came out at 151.9 million euro, down from the 158 million euro of the first quarter of 2018 (-3.9%).

Income tax expense

Income taxes for the period were 45.3 million euro, a decrease of 6% compared to the comparative period, in relation to the lower profit before tax, with an effective tax rate estimated today at 29.8% for financial year 2019 (it was 30.5% in the first quarter of 2018).

Net profit/(loss) for the period

As a consequence of what is presented above, a net profit of 106.6 million euro was recognised, slightly down compared to the same period of the previous financial year (-2.9%). The figure is due to the Group's profit of 99.9 million euro, while profit attributable to minorities was 6.6 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

thousands of euro

	31.03.2019	31.12.2018	Change %
Non-current assets	5,939,155	5,786,294	2.6
Other non-current assets/(liabilities)	(437,613)	(431,648)	1.4
Net Working Capital	146,781	132,325	10.9
Deferred tax assets/(liabilities)	159,572	148,745	7.3
Provisions for risks and employee benefits	(637,911)	(621,063)	2.7
Assets/(Liabilities) held for sale	524	524	-
Net invested capital	**5,170,508**	**5,015,177**	**3.1**
Equity	2,645,212	2,562,371	3.2
Non-current financial assets	*(190,264)*	*(147,867)*	*28.7*
Non-current financial debt	*3,120,931*	*3,013,303*	*3.6*
Non-current net financial debt	2,930,667	2,865,436	2.3
Current financial assets	*(782,658)*	*(849,993)*	*(7.9)*
Current financial debt	*377,287*	*437,363*	*(13.7)*
Current net financial debt	(405,371)	(412,630)	(1.8)
Net financial debt	2,525,296	2,452,806	3.0
Own funds and net financial debt	**5,170,508**	**5,015,177**	**3.1**

The main changes in the statement of financial position for the year are commented on below.

Non-current assets at 31 March 2019 amounted to 5,939 million euro, up compared to 31 December 2018, when they were 5,786 million euro. The increase (+153 million euro) was due to the algebraic sum of the following determinants:

- technical investments in property, plant and equipment and intangible assets (+85 million euro), and depreciation and amortisation (-94 million euro), as well as purchases of CO2 emission rights in the period (+22 million euro);
- the assets acquired, inclusive of goodwill, following the consolidation of San Germano and CMT, with the related vehicles and plants related to the waste management thread (21 million euro), of Busseto Servizi (5 million euro), the fixed assets of which consist of the gas network located in the related municipality, as well as a business unit related to the management of waste processing plants (9 million euro);
- the first application of IFRS 16 – *Leases*, which entailed the recognition at 1 January 2019 in non-current assets of rented, hired and leased assets for a total of 105 million euro, mostly related to buildings and vehicles functional to the Group's areas of business.

For more information on the segment details of investments in the period, reference should be made to the section "Segment Reporting" below.

While Other Non-current Assets (Liabilities) were substantially in line with the figure at the end of the previous financial year, the Net Working Capital increased by 15 million euro (+10.9%), coming out at 147 million euro compared to the 132 million euro of 31 December 2018; the increase was mainly due to the seasonal trend of components of a commercial nature, partially mitigated by the decrease in gas storage in stock and by the estimate of taxes for the period.

"Provisions for Risks and Employee Benefits" amounted to 638 million euro (621 million euro at 31 December 2018); the increase was substantially attributable to the recognition of liabilities for the obligations related to CO2 emission rights of the period.

Equity amounted to 2,645 million euro, compared to the 2,562 million euro of 31 December 2018 (+83 million euro). The change in the period corresponds to the algebraic sum of the net profit for the period

(+106 million euro) and the change in the cash flow hedging reserve associated with derivative hedging instruments in the portfolio (-23 million euro).

Net financial debt at the end of the period was 2,525 million euro, an increase of 72 million euro compared to 31 December 2018 (+3%). The change reflects the effects of the business combinations that occurred in the period (the acquisitions of the San Germano group and of Busseto Servizi, for approximately 23 million euro) and, following the adoption of IFRS 16 on 1 January 2019, of the recognition of liabilities expressing the discounted future cash flows related to leases held by the Group (for 105 million euro).
For further analytical details please see the statement of cash flows presented below.

STATEMENT OF CASH FLOWS OF THE IREN GROUP

Change in net financial debt

The statement below details the movements in the Group's net financial debt that occurred in the period.

thousands of euro

	First three months 2019	First three months 2018	Change %
A. Opening Net financial (debt)	**(2,452,806)**	**(2,371,785)**	**3.4**
Cash flows from operating activities			
Profit/(loss) for the period	106,564	109,801	(2.9)
Adjustments for non-financial movements	185,598	170,322	9.0
Utilisations of employee benefits	(6,200)	(1,746)	(*)
Utilisations of provisions for risks and other charges	(9,364)	(5,460)	71.5
Change in other non-current assets and liabilities	(2,626)	(1,762)	49.0
Other changes in capital	(8,608)	(8,151)	5.6
Taxes paid	-	-	-
B. Cash flows from operating activities before changes in NWC	**265,364**	**263,004**	**0.9**
C. Cash flows from changes in NWC	**(58,734)**	**(129,452)**	**(54.6)**
D. Cash flows from/(used in) operating activities (B+C)	**206,630**	**133,552**	**54.7**
Cash flows from /(used in) investing activities			
Investments in property, plant and equipment and intangible assets	(85,454)	(67,531)	26.5
Investments in financial assets	(3)	-	-
Proceeds from the sale of investments and changes in assets held for sale	237	8,754	(97.3)
Changes in consolidation scope	(23,494)	-	-
Dividends received	320	338	(5.3)
E. Total cash flows from/(used in) investing activities	**(108,394)**	**(58,439)**	**85.5**
F. Free cash flow (D+E)	**98,236**	**75,113**	**30.8**
Cash flows from/(used in) financing activities			
Capital increase	-	-	-
Dividends paid	(104)	(879)	(88.2)
Interest paid	(4,367)	(2,935)	48.8
Interest received	3,803	3,797	0.2
Change in fair value of hedging derivatives	(47,249)	(853)	(*)
Increase in financial debts at 01.01.19 due to application of IFRS 16	(104,974)	-	-
Other changes	(17,835)	(17,294)	3.1
G. Total cash flows from/(used in) financing activities	**(170,726)**	**(18,164)**	**(*)**
H. Change in net financial (debt) (F+G)	**(72,490)**	**56,949**	**(*)**
I. Closing Net financial (debt) (A+H)	**(2,525,296)**	**(2,314,836)**	**9.1**

(*) Change of more than 100%

The increase in financial debt derives from the following determinants:

- an operating cash flow of +207 million euro; higher than what was recorded in the first quarter of 2018;
- a cash flow from investing activities (-108 million euro) which reflects the technical investments in the period (85 million euro, up compared to the 68 million euro of the first quarter of 2018) and the effect of the acquisition of the companies San Germano, CMT and Busseto Servizi (23 million euro, recognised in the item “changes in consolidation scope”);
- the components of the cash flow from financing activities (a total of -170 million euro) refer mainly to the aforementioned effect deriving from first application of IFRS 16 (105 million euro) and to the negative change in the fair value of derivative cash flow hedging instruments, associated with the decrease in interest rates and the trend in commodity purchase prices.

We can note finally that the statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented in the section “Consolidated financial statements at 31 March 2019”.

SEGMENT REPORTING

The Iren Group operates in the following business segments:

- Networks (Electricity distribution networks, Gas distribution networks, Integrated Water Service)
- Waste Management (Waste collection and disposal)
- Energy (Hydroelectric production and production from other renewable sources, Combined heat and Power, District heating networks, Thermoelectric production)
- Market (Sale of electricity, gas, heat)
- Other services (Public lighting, Global Service energy efficiency services and other minor services).

These operating segments are disclosed pursuant to IFRS 8. Under this standard, the disclosure about operating segments should be based on the elements which management uses in making operational and strategic decisions.
For a proper interpretation of the income statements relating to individual businesses presented and commented on below, revenue and expense referring to overhead activities were fully allocated to the businesses based on actual usage of the services provided or according to technical and economic drivers.
Given the fact that the Group mainly operates in one area, the following segment information does not include a breakdown by geographical area.
Below are the main income statement items with relative comments broken down by operating segment compared to the figures for the first quarter of 2018.

During the first quarter of 2019 non-regulated activities contributed to the formation of gross operating profit for 26% (28% the first quarter of 2018), regulated activities accounted for 36% (34% in the corresponding period in 2018), while semi-regulated activities were in line with 2018 accounting for 38%.

Networks SBU

At 31 March 2019 the Network business segment, which comprises the businesses of Gas distribution, Electricity and the Integrated Water Service, recorded revenue of 233 million euro, up by +17.3%, compared to the 198 million euro for the first quarter of 2018. The consolidation of ACAM Acque starting from 1 April 2018 contributed to the increase in revenue.

The gross operating profit (EBITDA) amounted to 85 million euro, up +6.3% on the 79 million euro for the first quarter of 2018, while net operating profit (EBIT) was 46 million euro, an increase of +2.7% compared to 44 million euro in the first quarter of 2018.
The positive trend in gross operating profit (EBITDA) was partially absorbed by higher amortisation and depreciation for around 4 million euro, in part offset by lower net provisions of around 1 million euro.
The changes in gross operating profit for the segments concerned are illustrated below.

		First 3 months 2019	**First 3 months 2018**	**Δ %**
Revenue	€/mln	233	198	17.3%
Gross Operating Profit (EBITDA)	€/mln	85	79	6.3%
EBITDA Margin		*36.3%*	*40.1%*	
from Electricity Networks	*€/mln*	*18*	*17*	*3.5%*
from Gas Networks	*€/mln*	*20*	*19*	*5.5%*
from Integrated Water Service	*€/mln*	47	43	*7.8%*
Operating Profit (EBIT)	€/mln	46	44	2.7%
Investments	€/mln	50	45	12.0%
in Electricity Networks	*€/mln*	*7*	*6*	*13.2%*
in Gas Networks	*€/mln*	*11*	*11*	-
in Integrated Water Service	*€/mln*	32	27	18.2%
Electricity distributed	GWh	989	981	0.9%
Gas introduced into the network	Million m^3	566	632	-10.5%
Water sold	Million m^3	46	42	9.3%

Networks SBU - *Electricity*

The gross operating profit of the sector amounted to 18 million euro, up by +3.5% compared to 17 million euro in the first quarter of 2018.
The increase in the profit was mainly due to an improvement in the revenue constraint (VRT).
During the period investments for 7 million euro were made, up by +13.2% compared to the 6 million euro of the first quarter of 2018. They were mainly related to new connections, to the construction of new LV/MV substations and LV/MV lines as well as to the completion of a number of primary substations.

Networks SBU - *Gas distribution*

Gross operating profit (EBITDA) of gas distribution networks amounted to 20 million euro, up by +5.5% compared to 19 million euro in the first quarter of 2018. The increase in the profit was mainly due to an improvement in the revenue constraint (VRT).
Investments made in the period amounted to 11 million euro, down (-3.4%) compared to 2018, and regarded the provisions of ARERA resolutions, in particular making the network compliant with cathodic protection, and the installation of electronic meters.

Networks SBU - *Water Cycle*

The gross operating profit for the period amounted to 47 million euro, up by +7.8% compared to 43 million euro in the first quarter of 2018. The increase in the profit can be attributed mainly to the consolidation of ACAM Acque as of 1 April 2018, only partially offset by the lower profit recognised following the sale of a number of minor concessions out of the Group's core territories and by the absence of a capital gain related to the sale of a plot of land present in the corresponding period of 2018.

Investments in the period totalled 32 million euro, up +18.2% compared to the 27 million euro of the first quarter of 2018 and concerned the construction, development and maintenance of distribution networks and plants, the sewerage network and, in particular, the construction of new water treatment plants.

Waste Management SBU

At 31 March 2019, the revenue of the sector totalled 175 million euro, up by +27.1% compared to 138 million euro in the first quarter of 2018. The increase in revenue is attributable for around 30 million euro to expansion of the consolidation scope related to ACAM Ambiente and ReCos (as of 1 April 2018) and San Germano (from 1 January 2019), to greater revenue from funding activities and intermediation for special waste and higher energy revenue.

		First 3 months 2019	**First 3 months 2018**	**Δ %**
Revenue	€/mln	175	138	27.1%
Gross Operating Profit (EBITDA)	€/mln	41	36	15.3%
EBITDA Margin		*23.5%*	*25.9%*	
Operating Profit (EBIT)	€/mln	19	18	5.5%
Investments	€/mln	7	4	80.4%
Electricity sold	GWh	138	112	23.3%
Thermal energy produced	GWh_t	79	90	-11.7%
Waste managed	tonnes	*633,827*	488,050	29.9%
Emilia area separate waste collection	%	*76.0*	*72.2*	*5.3%*
Piedmont area separate waste collection	%	*52.7*	*46.5*	*13.4%*
Liguria area separate waste collection	%	*73.3*	-	-

Gross operating profit of the segment amounted to 41 million euro, an improvement of +15.3% on the 36 million euro of the first quarter of 2018. The improvement in the profit is mainly attributable to the positive contribution deriving from the increase in volumes of waste disposed of the Group's facilities (waste-to-energy plants and landfills), to the increase in the price of the electricity produced and to the consolidation as of 1 April 2018 of Acam Ambiente and ReCos.
The operating profit was 19 million euro, an improvement of +5.5% compared to the 18 million euro recorded in the first quarter of 2018. The positive trend in gross operating profit was partially absorbed by higher depreciation and amortisation of around 4 million euro.

The investments made in the period amounted to 7 million euro, up compared to the 4 million euro of the first quarter of 2018 and refer to investments for the maintenance of various plants and investments in equipment and vehicles supporting waste collection based on the door-to-door and separation method.

Energy SBU

At 31 March 2019 the revenue of the Energy SBU amounted to 468 million euro, an increase of 29.3% compared to the 362 million euroof the first quarter of 2018 owing mainly to the effect of the greater electricity production and the increase in the related price.

		First 3 months 2019	First 3 months 2018	Δ %
Revenue	€/mln	468	362	29.3%
Gross Operating Profit (EBITDA)	€/mln	115	103	12.7%
EBITDA Margin		*24.7%*	*28.4%*	
Operating Profit (EBIT)	€/mln	85	72	17.9%
Investments	€/mln	10	6	66.9%
Electricity produced	GWh	2,852	2,408	18.4%
from hydroelectric and other renewable sources	*GWh*	265	235	12.8%
from cogeneration sources	*GWh*	2,003	1,858	7.8%
from thermoelectric sources	*GWh*	585	315	85.4%
Heat produced	GWh_t	1,325	1,315	0.7%
from cogeneration sources	GWh_t	1,149	1,090	5.5%
from non-cogeneration sources	GWh_t	175	226	-22.3%
District heating volumes	Million m^3	94	87	7.8%

At the same date the electricity produced was 2,852 GWh, up by +18.4% compared to 2,408 GWh in the first quarter of 2018. The increase in production regarded all sectors, with particular reference to the thermoelectric sector.
Total thermoelectric production was 2,588 GWh, of which 2,003 GWh from cogeneration sources, up (+7.8%) compared to the 1,858 GWh of financial year 2018 and 585 GWh from conventional thermoelectric sources, up (+85.4%) compared to the 315 GWh of the first quarter of 2018.
Production from renewable sources was 265 GWh, of which 260 GWh deriving from hydroelectric sources and, marginally for approximately 5 GWh, from other renewables (photovoltaic); overall it was up (+12.8%) compared to the 235 GWh of the first quarter of 2018.
Heat production in the period was 1,325 GWht, up (+0.7%) compared to the 1,315 GWht of the previous year. Overall district heating volumes amounted to approximately 94 million m^3 up by +7.8% compared to the 87 million m^3 in the first quarter of 2018.

The gross operating profit (EBITDA) amounted to 115 million euro, up by +12.7% compared to 103 million euro in the first quarter of 2018.
The first quarter of 2019 was distinguished by electricity prices (single national price – "Prezzo Unico Nazionale" - PUN) down on the beginning of the year but on average higher than the first quarter of 2018. This context, together with a fall in gas prices, also thanks to particularly mild seasonal temperatures, entailed an increase in profits from generation, which permitted to absorb, from a comparative point of view, the absence of income recognised in the first quarter of 2018, regarding valuation of non-repeatable energy-efficiency certificates (EECs) for previous years and lower profits from dispatching services (dispatching services market – "Mercato dei Servizi di Dispacciamento" - MSD).

The operating profit (EBIT) of the energy segment totalled 85 million euro, up by +17.9% compared to the 72 million euro of the first quarter of 2018. Depreciation and amortisation of the period were substantially in line compared to 2018 and less provisions of around 1 million euro were set aside.

Investments in the period totalled 10 million euro, up compared to 6 million euro in the first quarter of 2018.

Market SBU

At 31 March 2019 the revenue of the segment amounted to 955 million euro, up +20.8% from the 791 million euro in the same period of 2018. We can note that as of 1 October 2018 the company Spezia Energy Trading came back into the consolidation scope of the Market SBU.

The gross operating profit (EBITDA) amounted to 33 million euro, down by -34.4% compared to 50 million euro in the first quarter of 2018. The reduction in profit is attributable to the lack of accounting effects associated with previous one-off adjustment items characterising the first quarter of 2018, relative to both gas and electricity sales, and, regarding gas sales, also to an unfavourable season and worsening in the margin due to the particularly volatile energy scenario over recent months.

The operating profit (EBIT) was 23 million euro, down -45.3% compared to the 42 million euro recorded in financial year 2018. Higher depreciation and amortisation of approximately 1.5 million euro and higher provisions of approximately 0.5 million euro were recorded.

			First 3 months 2019	First 3 months 2018	Δ %
Revenue		€/mln	955	791	20.8%
Gross Operating Profit (EBITDA)		€/mln	33	50	-34.4%
EBITDA Margin			*3.4%*	*6.3%*	
	from Electricity	*€/mln*	1	5	-80.3%
	from Gas	*€/mln*	31	45	-30.7%
	from Other sales services	*€/mln*	*1*	0	(*)
Operating Profit (EBIT)		€/mln	23	42	-45.3%
Investments			10	7	36.1%
Electricity Sold		GWh	2,748	2,186	25.7%
Gas Purchased		Million m^3	1,026	995	3.2%
	Gas sold by the Group	*Million m^3*	*466*	*508*	*-8.2%*
	Gas for internal use	*Million m^3*	*560*	*487*	*15.0%*

(*) Change of more than 100%

Sale of electricity

The volumes of electricity sold amounted to 2,748 GWh (net of pumping, network leaks, dedicated withdrawals and including balancing) up by 25.7% compared to the 2,186 GWh of the first quarter of 2018.
Volumes sold on the free market, including the segments of free business, free retail customers and wholesalers, amounted to a total of 2,571 GWh, up +30.1% compared to 1,976 GWh in the first quarter of 2018. The increase in free-market sales is attributable mainly to the wholesale segment, for which sales came to 817 GWh, up by +116.3% compared to 378 GWh in the first quarter of 2018. Final customer sales also increased in both the business segment, coming out at 1,490 GWh compared with 1,362 GWh in 2018 (+9.3%), and the retail segment, 264 GWh compared with 236 GWh in the first quarter of 2018 (+11.7%).
Sales in the protected market amounted to 131 GWh, down (-12%) compared to 149 GWh in the first quarter of 2018.

The gross operating profit (EBITDA) of the sale of electricity amounted to 1 million euro, worsening compared to 5 million euro in the first quarter of 2018. The drop in profit is attributable mainly to the accounting effect of adjustments of earlier items that had benefited the first quarter of 2018.

Sale of Natural Gas

Volumes purchased amounted to 1,026 million m³, up by +3.2% compared to the 995 million m³ of the first quarter of 2018.
The gas sold by the group amounted to 466 million m³, down by -8.2% compared to the 508 million m³ of the first quarter of 2018, while gas used for internal consumption was 560 million m³, up (+15%) compared to 487 million m³ in the first quarter of 2018.

Gross operating profit (EBITDA) of gas sales amounted to 31 million euro, down by -30.7% compared to the 45 million euro recorded in the first quarter of 2018. The drop in profit is attributable to the worsening of margins and to a less favourable thermal season compared to the corresponding period of 2018 which entailed a significant reduction in volumes sold. In addition the year reflects the absence of the accounting effect of adjustments of earlier items that had benefited the first quarter of 2018, no longer repeatable.

Sales of heat and other services

Heat sales and other services presented a gross operating profit of 1 million euro, while they substantially broke even in 2018.

Investments in the period totalled 10 million euro, up compared to 7 million euro in the first quarter of 2018.

Services and other

Revenue of the period in the segment was 5 million euro, down compared to the 10 million euro recorded in the first quarter of 2018. The decrease in revenue is attributable to a different allocation of assets which in financial year 2018 were considered as other services and are now included under electricity production.

		First 3 months 2019	**First 3 months 2018**	**Δ %**
Revenue	€/mln	5	10	-52.9%
Gross Operating Profit (EBITDA)	€/mln	0	1	-100%
EBITDA Margin		*-0.6%*	*13.0%*	
Operating Profit (EBIT)	€/mln	-1	1	(*)
Investments	€/mln	9	6	51.3%

(*) Change of more than 100%

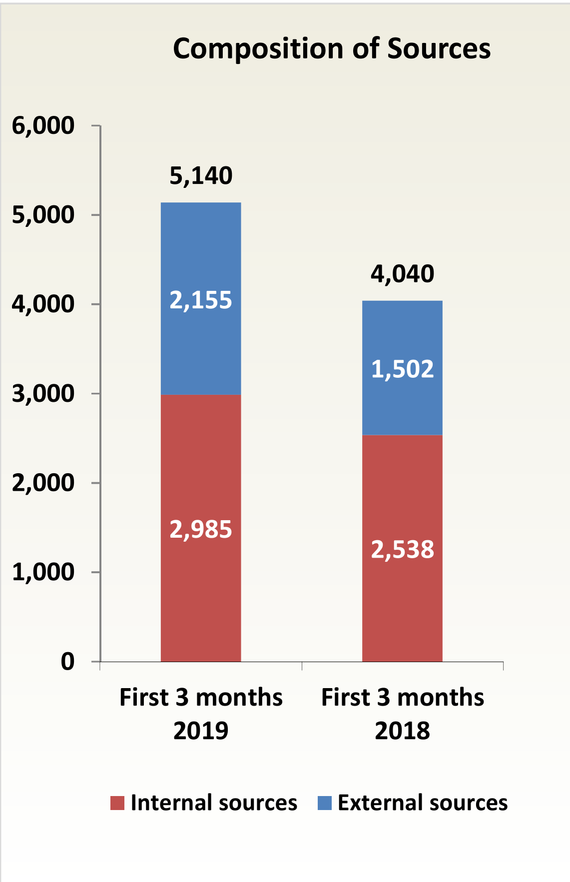
The gross operating profit (EBITDA) was substantially zero, down compared to the first quarter of 2018.

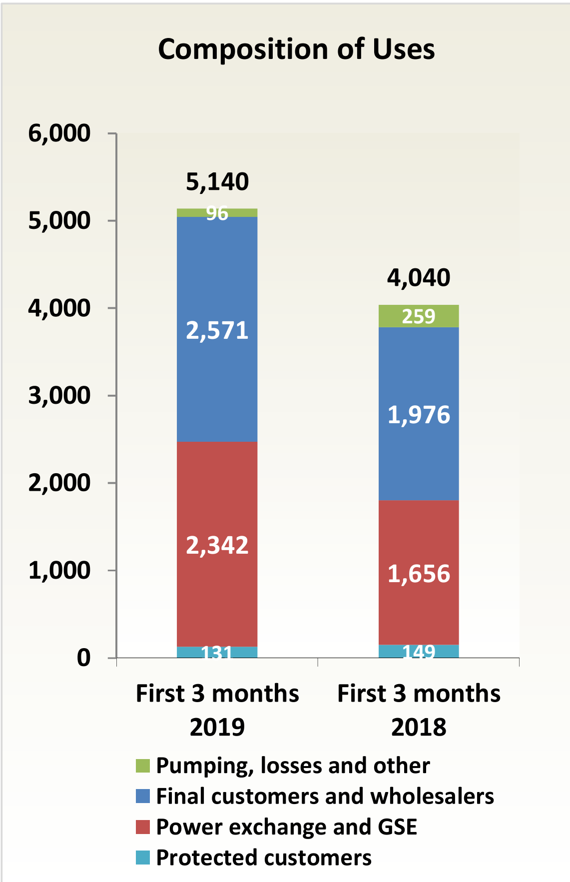
Investments in the period amounted to 9 million euro, up compared to 6 million euro in the first quarter of 2018, and related largely to information technology, vehicles and property services.

ENERGY BALANCES

Electricity balance sheet

GWh	First 3 months 2019	First 3 months 2018	Change %
SOURCES			
The Group's gross production	2,985	2,538	17.6
a) Hydroelectric	*265*	235	12.8
b) Cogeneration	*2,003*	1,858	7.8
c) Thermoelectric	*585*	315	85.7
d) Production from WTE plants and landfills	*132*	130	1.5
Purchases from Acquirente Unico [Single Buyer]	145	165	(12.1)
Energy purchased on the Power exchange	1,827	751	143.3
Energy purchased from wholesalers and imports	183	586	(68.8)
Total Sources	**5,140**	**4,040**	**27.2**
USES			
Sales to protected customers	131	149	(12.1)
Sales on the Power exchange and GSE	2,342	1,656	41.4
Sales to final customers and wholesalers	2,571	1,976	30.1
Pumping, distribution losses and other	96	259	(62.9)
Total Uses	**5,140**	**4,040**	**27.2**

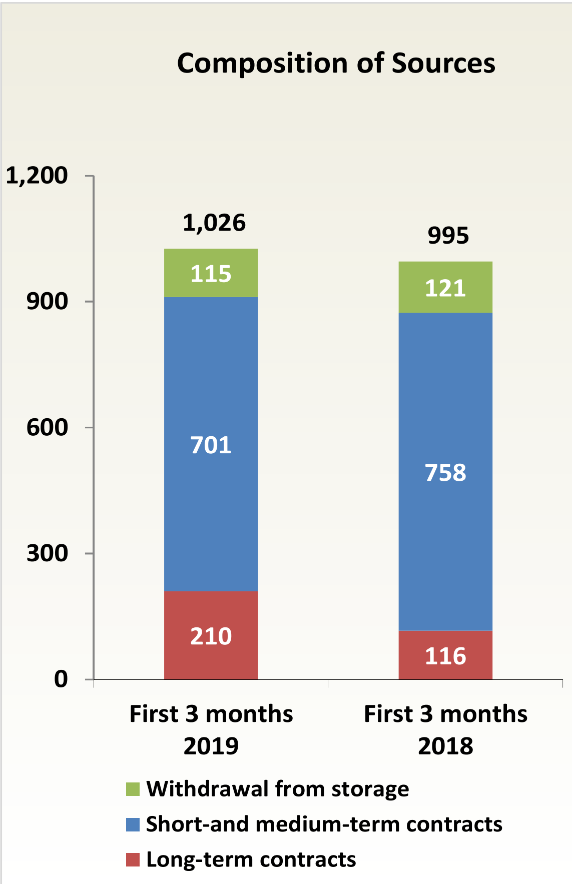


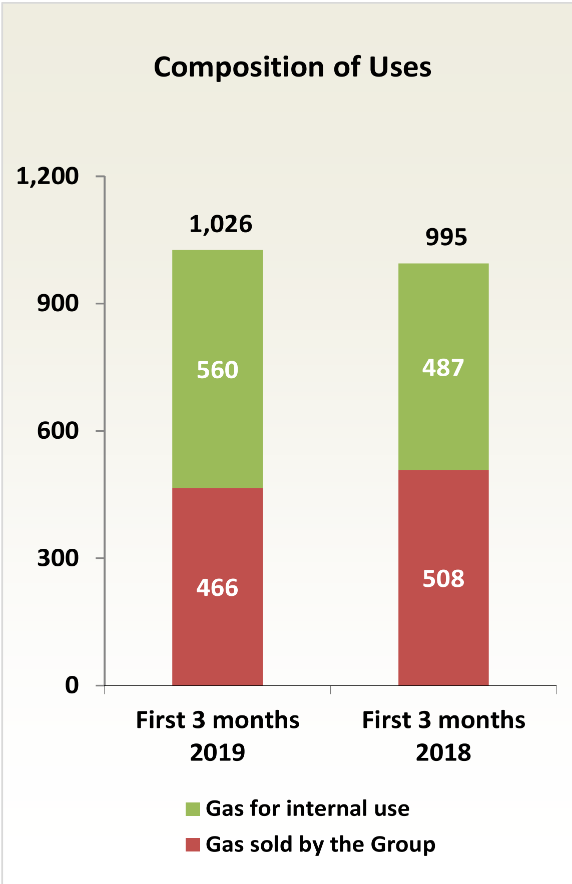


Gas balance sheet

Millions of m³	First 3 months 2019	First 3 months 2018	Change %
SOURCES			
Long-term contracts	210	116	80.9
Short- and medium-term contracts	701	758	(7.5)
Withdrawals from storage	115	121	(5.0)
Total Sources	**1,026**	**995**	**3.1**
USES			
Gas sold by the Group	466	508	(8.3)
Gas for internal use [(1)]	560	487	15.0
Total Uses	**1,026**	**995**	**3.1**

(1) Internal use involves thermoelectric plants and use for heat services and internal consumption





FINANCIAL INCOME AND EXPENSE

General framework

During the first quarter of 2019, the short-term part of the rate curve remained substantially stable, while the medium/long-term part continued the decline recorded at the end of 2018 and has now flattened out, although still in a situation of significant volatility. The last intervention by the European Central Bank was the cut in interest rates in March 2016. The current rate is 0%.

Examining the trend in the six-month Euribor rate we can note that the parameter, in stably negative territory since November 2015, continued on the slight rising trend that began in 2018 and is now at -0.23%. The fixed rate quotations, reflected in the figures of IRSs at 5 and 10 years, following the recent drops, came back to levels not very far from the record lows of 2016.

Activities performed

During the first quarter of 2019, activities aimed at consolidating the financial structure of the Iren Group continued. The development of funding needs is monitored through careful financial planning, which enables requirements for new financial resources to be anticipated, taking into account the repayments of outstanding loans, the development of debt, the investments, the trend in working capital and the balance of short-term and long-term sources.

The organisational model adopted by the Iren Group, with the goal of financial optimisation of all Group companies, provides for Iren's centralisation of treasury management, medium/long-term loans management and financial risk monitoring and management. Iren has relations with the leading Italian and international banks, for the purpose of locating the types of loans best suited to its needs, and the best market conditions.

Moving on to examine in more detail the operations carried out in the first quarter of 2019, we can note that in the period no new loans were activated at the Parent Company level; at the level of the subsidiaries, we can report the opening of a new position of 750 thousand euro for Studio Alfa.

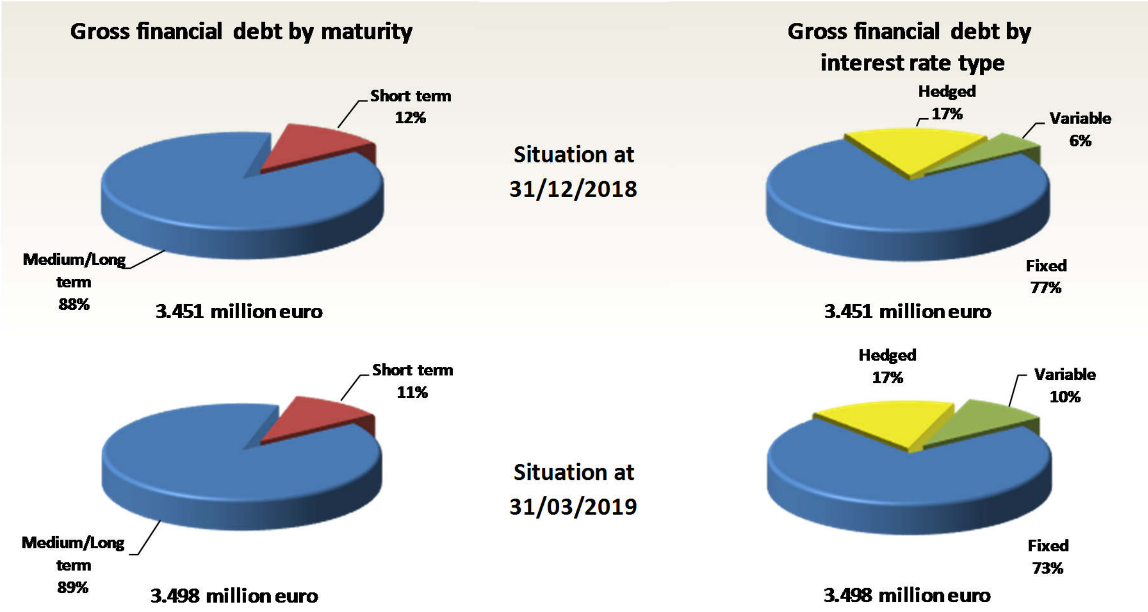
Direct loans not used and available still total 155 million euro, and refer to loans from the European Investment Bank, with terms of up to 15 years.

Financial debt at the end of the period is made up 37% of loans and 63% of bonds.

As regards financial risks, the Iren Group is exposed to various types, including liquidity risk, interest rate risk, and exchange rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate. In the period a new Interest Rate Swap contract was signed hedging a total of 50 million euro of debt, with maturity at 2025 and effects starting from December 2020. At 31 March 2019, the portion of floating rate debt not hedged by exchange rate derivatives was 10% of gross financial debt, in line with the objective of the Iren Group which is to maintain adequate protection against significant increases in interest rates.

Overall, the activity carried out is aimed at refinancing debt with a view to improving the financial structure, structurally reducing the cost of capital and extending the average duration of financial debt.

The composition of gross financial debt by maturity and rate type, compared with the situation at 31 December 2018, is shown below.



Rating

In November 2018 the agency Fitch confirmed for Iren and its senior unsecured issues the rating BBB, with outlook stable. The judgement is based mainly on the update of the business plan to 2023 which, in continuity compared to previous years, confirms the prevalence of regulated and quasi-regulated activities (approximately 70% of Gross Operating Profit (EBITDA)), and on the positive track record of the results achieved in the period 2015 – 2018. Fitch, finally, in expressing its judgement assesses positively the management's financial discipline aimed at pursuing the targets set.

Supporting the Group's liquidity profile and the rating level, Iren has the aforesaid medium/long-term loan facilities agreed and available but not used for 155 million euro, which are in addition to current cash and cash equivalents.

SIGNIFICANT SUBSEQUENT EVENTS

Shareholders' Meeting: approval of the proposed amendment of the Articles of Association and of the purchase of treasury shares
On 5 April 2019 the Shareholders’ Meeting of Iren S.p.A., in Extraordinary session, approved the amendment of articles 5.4; 18.1; 19.2; 19.3; 19.4; 19.6; 25.5; 27.1; 28.1; 28.2; 28.3 of the Articles of Association.
The main changes regard (i) the cessation of the delegated power given to the Board of Directors for capital increases reserved for Public Bodies; (ii) the increase in the number of directors, which goes up from 13 to 15 and pursues the objective of ensuring representation of both shareholders of the former ACAM that have become shareholders of Iren S.p.A., and the shareholder FCT following the demerger of FSU; (iii) the qualified majority for some resolutions of the Board of Directors; (iv) the increase in the number of directors taken from the majority list, which goes up from 11 to 13; (v) the increase in the number of regular members of the Board of Statutory Auditors, which goes up from 3 to 5.

The Shareholders’ Meeting, on the same date and in Ordinary session, also authorised the Board of Directors to purchase and dispose of Iren S.p.A. treasury shares, also fractions of the same, under the terms of articles 2357 and following of the Italian Civil Code, and of art. 132 of Italian Legislative Decree no. 58 of 24 February 1998.
The Shareholders’ Meeting defined, according to what was proposed by the Board of Directors, purposes, terms and conditions for exercising the aforesaid authorisation, and gave the same all the widest powers, to be exercised with the widest discretionality, so that it may proceed to implement the purchase deeds in full observance of the current legislation.
In this regard, the Board of Directors may carry out the transactions for purchase and disposal of treasury shares for a maximum of 65,000,000 of the Company’s shares, such however as not to exceed one twentieth of the share capital. The treasury share purchase programme is permitted for eighteen months starting from the present shareholders’ meeting resolution. The maximum counter-value of the shares purchasable in the context of this programme may not exceed the amount of the distributable profits and of the available reserves resulting from the latest financial statements approved.
The purpose of this operation is to give the Group a stock of shares available for external growth operations, also replacing the capital increase resolved in 2016 and revoked with approval of the amendments to the articles of association described above.

On the same date, the Board of Directors, acknowledging this shareholders’ meeting resolution, in turn gave a mandate to the Chief Executive Officer to launch the treasury share purchase programme, for a maximum of 26,000,000 shares, so as however not to exceed 2% of the share capital. In addition, the Board authorised the CEO to determine the criteria and conditions related to the deeds of sale, disposal and/or use of the treasury shares, having regard to the methods of implementation actually used, to the trend in the prices of the shares in the period prior to the transaction and the best interests of the Company.

Acceptance of the recommendations of the Corporate Governance Code of Listed Companies (July 2018 edition) and approval of the Guidelines for Shareholders on the qualitative and quantitative composition of the Board of Directors
Again on 5 April 2019, the Board of Directors also resolved to accept the recommendations of the Corporate Governance Code of Listed Companies in the July 2018 edition, together with the update of the document in which evidence is provided of the governance solutions adopted by the Company with reference to the provisions of the said Code.
Implementing what is recommended by Application Criterion 1.C.1. lett. (h) of the Code, taking into account the mandate expiring with approval of the annual financial statements at 31 December 2018, the Board also approved the guidelines for Shareholders on the qualitative and quantitative composition of the administrative body which will be appointed for the three years 2019-2021.

Consolidated Financial Statements

at 31 March **2019**

BASIS OF PREPARATION

CONTENT AND STRUCTURE

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as with the provisions set forth in implementation of art. 9 of Italian Legislative Decree no. 38/2005. The "IFRSs" also include all the revised international accounting standards ("IASs/IFRSs") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
In drawing up these consolidated financial statements, the same accounting standards were applied as those adopted for the previous year's statements, to which you are referred for a more ample discussion, with the exception of the following standards, applicable from 1 January 2019.

IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, intended to replace IAS 17 - *Leases*, as well as the interpretations IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new standard provides a new definition of lease, irrespective of the contractual form adopted (leasing, rental or hire) and in practice marks the end of the distinction between operating leasing and financial leasing.
IFRS 16 introduces a criterion based on the right of use for an asset to distinguish leasing contracts from services contracts, identifying as discriminating factors: identification of the asset, the right to replace the same, the right to obtain substantially all economic benefits deriving from use of the asset and the right to control use of the asset underlying the contract. On the lessee's part, the new standard provides for recognition in the balance sheet of the assets and related financial liabilities for all leasing contracts with a duration of more than 12 months, unless the underlying asset is of little value; in the income statement depreciation and interest expense must be recognised separately. On the lessor's part the impact on the financial statements consists only of greater disclosure.
Application in the Iren Group took effect from 1 January 2019 although early adoption was permitted for entities that adopt IFRS 15. On the basis of the analyses carried out the contracts in which Iren plays the role of lessee refer mainly to property leasing and long-term hires of cars and other motor vehicles.
In accordance with the provisions of IFRS16.C3 the Iren Group decided to apply the standard to contracts previously classified as leases in accordance with IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, instead of redetermining whether or not a contract is or contains a lease.
With reference to leases previously classified as operating leases, as practical expedients provided for in the transitory provisions of IFRS 16, the Iren Group opted to:

- Apply the standard retroactively accounting for the cumulative effect of initial application of IFRS 16 at the date of initial application, without redetermining the comparative information, but instead recognising any cumulative effect as an adjustment of the opening balance of retained earnings (IFRS 16.C5 b) and C7);
- measure the leasing liability at the date of initial application at the present value of the remaining payments owed undiscounted using the Iren's marginal loan rate at the date of initial application (IFRS 16.C8 a);
- measure the asset consisting of the right of use at an amount equal to the initial leasing liability, net of any prepaid expenses recognized in the statement of financial position immediately before the date of initial application (IFRS 16.C8 b (ii))
- not recognise assets and liabilities related to leases the term of which ends with 12 months from the date of initial application. These leases are treated as short-term leases in accordance with IFRS16.C10 c.

The effects of first application of IFRS 16, taking into account the aforementioned practical expedients, entailed an increase in financial liabilities of 104,974 thousand euro and an equivalent increase in assets for property, plant and equipment. The impact on shareholders' equity is therefore zero.
The weighted average of the marginal lending rate, applied to leasing liabilities recognised in the statement of financial position at 1 January 2019, is 3.20%. This rate is determined weighting the market returns of bond loans issued by Iren diversified according to the duration of the various leasing contracts.

Amendment to IFRS 9 - Prepayment Features with Negative Compensation. The amendments, endorsed with Reg. (EU) 2018/498 of 22 March 2018, introduces an exception for particular financial assets that would feature contractual cash flows that are solely payments of principal and interest (IFRS 9, para. 4.1.2), but do not fulfil this condition owing only to the presence of a contractual clause providing for prepayment. In particular, the amendments state that financial assets with a contractual clause that allows (or imposes on) the issuer to repay a debt instrument or permits (or imposes on) the holder to repay a debt instrument to the issuer before maturity can be measured at amortised cost or at fair value through other comprehensive income, subordinately to assessment of the business model in which they are held, if the following conditions are met:

- the company acquires or issues the financial asset with a premium or a discount with respect to the nominal amount of the contract;
- the prepayment amount is substantially the nominal contractual amount and the contractual interest accrued (but not paid), which can include reasonable additional compensation for early termination of the contract; and
- when the entity initially recognises the financial asset, the fair value of the prepayment feature is insignificant.

*IFRIC 23 – Uncertainty over Income Tax Treatment*s. The interpretation, issued in June 2017 and endorsed with Reg. (EU) 2018/1595 of 23 October 2018, clarifies how to apply the recognition and measurement requirements of IAS 12 in the case of uncertainty over tax treatments related to income taxes. If there are uncertainties ion the application of the tax laws to a specific transaction or group of transactions, IFRIC 23 requires the company to assess whether it is probable that the tax authority will accept the choice made by the company on the tax treatment of the transaction: on the basis of this probability, the company must recognise in its financial statements an amount of taxes that it may pay or defer with respect to what is included in its income tax filings.

Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures. The amendment, issued in October 2017 and endorsed with Reg. (EU) 2019/237 of 8 February 2019, clarifies that an entity must apply the provisions of IFRS 9 to any other long-term interest that substantially represents a further component of the equity investment in the associate or joint venture, to which the equity method is not applied (e.g. privileged shares, loans and non-trade receivables). Any losses recognised on the basis of the equity method, in excess with respect to the equity investment of the entity in ordinary shares of the associate or joint venture, are attributed to the other components of the equity investment in inverse order with respect to their degree of subordination (that is, liquidation priority) after applying IFRS 9.

Annual improvements to IFRSs 2015-2017 cycle. Issued in December 2017 and endorsed with Reg. (EU) 2019/412 of 14 March 2019, the document contains formal amendments and clarifications to already existing standards. We can note in particular the following amendments:

- *IFRS 3 - Business Combinations*. The amendment specifies that a joint operator, which acquires control over a jointly-controlled activity that represents a business, must remeasure previously held interests in the jointly-controlled business at fair value at the acquisition date.
- *IFRS 11 – Joint Arrangements*. The amendment clarifies that when an entity that has an interest in a jointly-controlled activity that represents a business (under the terms of IFRS 3) without exercising joint control, acquires joint control, the entity does not have to remeasure previously held interests in that business.
- *IAS 23 – Borrowing Costs*. The amendment establishes that the capitalisation rate applied in order to determine the amount of borrowing costs capitalised must correspond to the weighted average of interest rates related to *all* loans outstanding during the period, other than those obtained specifically for the purpose of acquiring an asset. Therefore the part of specific borrowing remains outstanding, after the related “qualifying asset” is ready for its intended use or sale, must be included in the amount of funds that an entity borrows generally.

The financial statement formats adopted by the Iren Group in preparing these financial statements are the same as those applied in preparing the financial statements at 31 December 2018.
In line with what was previously published, in the statement of financial position, assets and liabilities are classified as "current/non-current". Assets and liabilities classified as discontinued or held for sale are shown separately. Current assets, which include cash and cash equivalents, are those that will be realised, transferred or consumed during the Group's ordinary operating cycle or during the twelve months following the end of the period. Current liabilities are those for which settlement is envisaged during the Group's ordinary operating cycle or during the twelve months following the end of the period.
The Income Statement is classified on the basis of the nature of the costs. In addition to the Operating Profit (EBIT), the Income Statement also shows the Gross Operating Profit (EBITDA) obtained by deducting total operating expenses from total revenue.
The indirect method is used in the cash flow statement. The cash configuration analysed in the cash flow statement includes cash on hand and cash in current accounts.

The financial statements have been drawn up on the basis of the historical cost principle, except for certain financial instruments measured at fair value.

The preparation of the consolidated reports has required the use of estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities. The later results that derive from occurrence of events could differ from these estimates.
It should also be noted that certain valuation processes, particularly the more complex ones, such as the determination of any impairment losses on non-current assets, are generally carried out in full only on preparing the annual financial statements, when all the information that may be needed is available, except in cases when there is evidence of *impairment* that requires an immediate measurement of any losses. In the same way, the actuarial valuations necessary to determine employee benefit funds are normally carried out on the occasion of preparing the annual financial statements.
It should also be remembered that these statements are not subject to independent auditing.

ALTERNATIVE PERFORMANCE MEASURES
The Iren Group uses alternative performance measures (APMs) in order to convey more effectively the information on the profitability performance of the businesses in which it operates, and on its financial and capital situation. These measures are different from the financial measures explicitly required by the IAS/IFRS international accounting standards adopted by the Group.
On the subject of these measures, CONSOB issued Communication no. 92543/15 which makes applicable the Guidelines issued by the European Securities and Markets Authority (ESMA) on their presentation in the regulated information distributed or in prospectuses published. These Guidelines are aimed at promoting the usefulness and transparency of the alternative performance measures included in regulated information or prospectuses that fall within the scope of application of Directive 2003/71/EC, in order to improve their comparability, reliability and comprehensibility.

In line with the aforementioned communications, the criteria used to construct these measures presented in the present financial report are provided below.

Net invested capital: determined by the algebraic sum of Non-current assets, Other non-current assets (liabilities), Net working capital, Deferred tax assets (liabilities), Provisions for risks and employee benefits and Assets (Liabilities) held for sale. For further details on the construction of the single items that make up the measure please see the statement of reconciliation of the reclassified balance sheet with the accounting statement presented in the annexes to the consolidated financial statements.
This APM is used by the Group in the context of documents both internal to the Group and external and is a useful measure for the purpose of measuring total net assets, both current and non-current, also through comparison between the period with which the report is concerned and previous periods or financial years. This measure also makes it possible to carry out analyses on operating performance and to measure performance in terms of operating efficiency over time.

Net financial debt: determined by the sum of Non-current financial liabilities net of Non-current financial assets and Current financial liabilities net of Current financial assets and of Cash and cash equivalents.
This APM is used by the Group in the context of documents both internal and external to the Group and is a useful measure of the Group's financial structure, also through comparison between the period with which the report is concerned and previous periods or financial years.

Gross Operating Profit (EBITDA): determined subtracting total operating expenses from total revenue.
This APM is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the Group's operating performance (both as a whole and at the level of single Business Units), also through comparison between the operating results of the period with which the report is concerned and those of previous periods or financial years. This measure also makes it possible to carry out analyses on operating performance and to measure performance in terms of operating efficiency over time.

Operating profit (EBIT): determined subtracting from Gross Operating Profit (EBITDA) depreciation, amortisation, provisions and operating impairment losses.

Operating cash flow: determined starting from net profit /(loss) for the period, adjusted for financial income and expenses and for non-monetary items (depreciation and amortisation, provisions, impairment losses…), to which are added the changes of Net working capital, utilisations of provisions and employee benefits and other operating changes.
This APM is used by the Group in the context of documents both internal to the Group and external and measures the cash generation capacity of the Group's operating activities and therefore its self-financing capacity.

Free cash flow: determined adding to the operating cash flow the financial resources used or provided by investing activities represented by investments in property, plant and equipment, intangible and financial assets, disposals, changes in the consolidation scope and dividends received.

Investments: determined by the sum of investments in property, plant and equipment, intangible assets and financial assets (equity investments) and presented gross of capital grants.
This APM is used by the Group in the context of documents both internal to the Group and external and is a measure of the financial resources absorbed in purchases of durable goods in the period.

Gross operating profit over revenue: determined making a proportion, in percentage terms, between gross operating profit and value of revenue.
This APM is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the Group's operating performance (both as a whole and at the level of single Business Units), also through comparison with previous periods or financial years.

Net financial debt over equity: determined as the ratio between net financial debt and equity including non-controlling interests.
This APM is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the financial structure in terms of relative proportion of financing sources between third-party funds and own funds.

SEASONALITY

We can also note that the Iren Group's results for the period reflect the seasonality characteristic of the sectors in which it operates. These are influenced above all by the weather trends, and consequently cannot be extrapolated for the entire year.

CONSOLIDATION POLICIES

The consolidation scope includes subsidiaries, joint ventures and associates.

Subsidiaries
Entities controlled by the Group are considered subsidiaries, as defined by IFRS 10 - *Consolidated Financial Statements.* Control exists when the Parent Company has at the same time:

- decision-making power over the investee, that is the power to direct the relevant activities of the investee, that is activities that have a significant influence on the results of the said investee;
- the right to variable (positive or negative) returns from its involvement with the entity;
- the ability to use its decision-making power to determine the amount of the returns coming from its involvement with the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Equity and portion of profit/loss attributable to minorities are identified separately in the consolidated statement of financial position and income statement.
Subsidiaries are consolidated on a line-by-line basis intra-group balances, transactions, unrealised income and expenses are eliminated in full.
We can note also that: a) all changes in the equity interest that do not constitute a loss of control are treated as *equity transactions* and therefore have a contra entry in equity; b) when a parent company transfers control to one of its investees, but continues all the same to hold an interest in the company, it measures the equity investment retained in the financial statements at *fair value* and recognises any gains or losses deriving from loss of control in the income statement.

Joint ventures
These are companies over whose activity the Group has joint control, in virtue of contractual agreements. Joint control, as defined by IFRS 11 – *Joint Arrangements, is the "contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control".*
With reference to entities jointly owned by mixed public and private ventures, given the objective possibility for the public shareholder to influence the company not only by means of *governance* agreements, but also because of its nature of public entity, the existence of joint control is judged on the basis of contractual agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.
Joint arrangements are divided into 2 types:

- a Joint Venture (JV) is an arrangement whereby the parties have rights to the net assets of the arrangement. Joint Ventures are measured using the equity method;
- a Joint Operation (JO) is an arrangement whereby the parties are not limited exclusively to participating in the company's net profit or loss, but have rights to its assets and obligations for its liabilities. In this case the assets/revenues on which the joint operator exercises such rights and the liabilities/costs of which the joint operator assumes the obligations are fully consolidated.

Associates (accounted for using the equity method)
An associate is a company over which the Group has significant influence, but not control or joint control over its financial and operating policies. The consolidated financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases. If the Group's share of losses of an associate equals or exceeds the carrying amount of its interest in the associate, the carrying amount is reduced to nil and recognition of further losses is not detected, except to the extent that the Group is obliged to respond.

Transactions eliminated on consolidation

Intra-group balances and significant transactions and any unrealised gains and losses arising from intra-group transactions are all eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. The related tax effect is calculated for all consolidation adjustments.

CONSOLIDATION SCOPE

The consolidation scope includes the companies directly or indirectly controlled by the Parent Company, plus joint ventures and associates.

Parent Company:
Iren S.p.A.

Companies consolidated on a line-by-line basis:
The four companies responsible for the single business lines and their direct and indirect subsidiaries are consolidated on a line-by-line basis.

1) Iren Ambiente and its subsidiaries:
   - ACAM Ambiente
   - Amiat V and the subsidiary:
     - AMIAT
   - Bonifica Autocisterne
   - Monte Querce
   - ReCos
   - San Germano and the subsidiary:
     - CMT
   - TRM

2) Iren Energia and its subsidiaries:
   - Iren Rinnovabili and its subsidiary:
     - Studio Alfa and the subsidiary
       - Coin Consultech
   - Maira and its subsidiary:
     - Formaira

3) Iren Mercato and its subsidiaries:
   - Salerno Energia Vendite
   - Spezia Energy Trading

4) IRETI and its subsidiaries:
   - ACAM Acque
   - ASM Vercelli and the subsidiary:
     - ATENA Trading
   - Busseto Servizi
   - Consorzio GPO
   - Iren Laboratori
   - Iren Acqua and the subsidiaries:
     - Immobiliare delle Fabbriche
     - Iren Acqua Tigullio

We can note that, during the first quarter of 2019, the mergers by incorporation
- into Iren Ambiente S.p.A. of the subsidiary Ricupero Ecologici Industriali (REI) S.r.l. and
- into Iren Energia S.p.A. of the subsidiaries Greensource S.p.A., Enìa Solaris S.r.l. and Varsi Fotovoltaico S.r.l..

Although they had an effect on the Group’s structure, these operations did not entail changes in the consolidation scope, and they occurred as part of the Group’s corporate and organisational rationalisation, aimed at simplifying the equity investment structure and reducing the number of business Companies wholly held, directly or indirectly, by the Parent Company and at integrating/optimising the business processes/activities with uniform operating characteristics.

CHANGES IN FULL CONSOLIDATION SCOPE

The full consolidation scope changed during the period following the acquisitions, which occurred in January, of Busseto Servizi S.r.l., operating in the gas distribution sector, of San Germano S.r.l. and of its full subsidiary CMT S.p.A., active in the waste cycle field, as well as the acquisition of a unit related to the operation of plants of the waste management business.

Control over Busseto Servizi was obtained through the purchase by IRETI of 100% of the company's share capital for a price of 4,099 thousand euro; as the fair value of the identifiable assets acquired and the identifiable liabilities assumed, determined provisionally at the acquisition date as permitted by IFRS 3 – *Business Combinations*, was substantially in line with the price paid, no difference was recognised.

As regards the acquisition of San Germano (and consequently of CMT), again in the context of what is permitted by IFRS 3 the positive difference between the price transferred, subject to adjustment, and the provisional fair value of the net assets acquired was recognised as goodwill of 1,988 thousand euro.

Finally, on 1 January 2019 the acquisition of a business unit related to the activity of managing waste processing plants located in the province of La Spezia, involving the subsidiary ReCos, came into effect; the positive difference between the acquisition price of the unit and the provisional fair value of the net assets acquired was recognised as goodwill of 9,039 thousand euro.

For details of the subsidiaries, joint ventures and associates please see the lists contained at the end of this document.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

thousands of euro

	31.03.2019	31.12.2018
ASSETS		
Property, plant and equipment	3,568,291	3,471,958
Investment property	12,733	12,820
Intangible assets with a finite useful life	2,055,475	2,009,986
Goodwill	160,740	149,713
Investments accounted for using the equity method	134,690	134,594
Other equity investments	7,226	7,223
Non-current trade receivables	73,004	69,068
Non-current financial assets	190,264	147,867
Other non-current assets	35,483	43,130
Deferred tax assets	380,939	360,298
Total non-current assets	**6,618,845**	**6,406,657**
Inventories	46,191	73,799
Trade receivables	1,187,453	983,836
Current tax assets	13,379	11,445
Other receivables and other current assets	233,962	241,879
Current financial assets	70,934	78,775
Cash and cash equivalents	329,824	369,318
Total current assets	**1,881,743**	**1,759,052**
Assets held for sale	382,424	402,424
TOTAL ASSETS	**8,883,012**	**8,568,133**

thousands of euro

	31.03.2019	31.12.2018
EQUITY		
Equity attributable to shareholders		
Share capital	1,300,931	1,300,931
Reserves and retained earnings (losses)	862,101	642,396
Net profit (loss) for the period	99,940	242,116
Total equity attributable to shareholders	**2,262,972**	**2,185,443**
Equity attributable to minorities	382,240	376,928
TOTAL EQUITY	**2,645,212**	**2,562,371**
LIABILITIES		
Non-current financial liabilities	3,120,931	3,013,303
Employee benefits	105,319	108,109
Provisions for risks and charges	422,242	439,497
Deferred tax liabilities	221,367	211,553
Other payables and other non-current liabilities	473,096	474,778
Total non-current liabilities	**4,342,955**	**4,247,240**
Current financial liabilities	377,287	437,363
Trade payables	955,103	914,938
Other payables and other current liabilities	357,112	284,285
Current tax liabilities	79,413	32,049
Provisions for risks and charges - current portion	125,930	89,887
Total current liabilities	**1,894,845**	**1,758,522**
Liabilities related to assets held for sale	-	-
TOTAL LIABILITIES	**6,237,800**	**6,005,762**
TOTAL EQUITY AND LIABILITIES	**8,883,012**	**8,568,133**

CONSOLIDATED INCOME STATEMENT

thousands of euro

	First three months 2019	First three months 2018
Revenue		
Revenue from goods and services	1,235,335	1,006,125
Change in work in progress	-	-
Other income	42,311	59,377
Total revenue	**1,277,646**	**1,065,502**
Operating expenses		
Raw materials, consumables, supplies and goods	(508,113)	(389,778)
Services and use of third-party assets	(375,765)	(304,049)
Other operating expenses	(16,659)	(17,019)
Capitalised expenses for internal work	7,423	7,249
Personnel expenses	(110,309)	(92,720)
Total operating expenses	**(1,003,423)**	**(796,317)**
GROSS OPERATING PROFIT (EBITDA)	**274,223**	**269,185**
Depreciation, amortisation, provisions and impairment losses		
Depreciation and amortisation	(94,279)	(82,519)
Provisions for impairment of receivables	(4,655)	(5,205)
Other provisions and impairment losses	(3,515)	(4,127)
Total depreciation, amortisation, provisions and impairment losses	**(102,449)**	**(91,851)**
OPERATING PROFIT (EBIT)	**171,774**	**177,334**
Financial income and expense		
Financial income	6,213	5,878
Financial expense	(26,032)	(24,564)
Total financial income and expense	**(19,819)**	**(18,686)**
Share of profit/(loss) of associates accounted for using the equity method	(76)	(636)
Value adjustments on equity investments	-	-
Profit/(loss) before tax	**151,879**	**158,012**
Income tax expense	(45,315)	(48,211)
Net profit/(loss) from continuing operations	**106,564**	**109,801**
Net profit/(loss) from discontinued operations	-	-
Net profit/(loss) for the period	**106,564**	**109,801**
attributable to:		
- Profit/(loss) for the period attributable to shareholders	99,940	103,215
- Profit/(loss) for the period attributable to minorities	6,624	6,586

STATEMENT OF OTHER COMPREHENSIVE INCOME

	First three months 2019	First three months 2018
		thousands of euro
Profit/(loss) for the period - Shareholders and minorities (A)	**106,564**	**109,801**
Other comprehensive income that will subsequently be reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	(32,805)	(644)
- changes in fair value of financial assets	-	-
- share of other profits/(losses) of companies accounted for using the equity method	-	-
Tax effect of other comprehensive income	8,854	201
Total other comprehensive income that will subsequently be reclassified to the Income Statement, net of tax effect (B1)	**(23,951)**	**(443)**
Other comprehensive income that will subsequently not be reclassified to the Income Statement		
- actuarial gains/(losses) on employee defined benefit plans (IAS 19)	-	-
- portion of other profits/(losses) of companies accounted for using the equity method related to employee defined benefit plans (IAS 19)	-	-
Tax effect of other comprehensive income	-	-
Total other comprehensive income that will subsequently not be reclassified to the Income Statement, net of tax effect (B2)	**-**	**-**
Total comprehensive income/(expense) (A)+(B1)+(B2)	**82,613**	**109,358**
attributable to:		
- Profit/(loss) for the period attributable to shareholders	76,781	102,759
- Profit/(loss) for the period attributable to minorities	5,832	6,599

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2017	**1,276,226**	**105,102**	**49,998**
First application of IFRS 9 and IFRS 15			
Retained earnings			
01/01/2018	**1,276,226**	**105,102**	**49,998**
Dividends to shareholders			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
31/03/2018	**1,276,226**	**105,102**	**49,998**
31/12/2018	**1,300,931**	**133,019**	**58,346**
Retained earnings			
Dividends to shareholders			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
31/03/2019	**1,300,931**	**133,019**	**58,346**

thousands of euro

Cash flow hedging reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit (loss) for the period	Total equity attributable to shareholders	Equity attributable to minorities	Total equity
(1,729)	**454,813**	**608,184**	**237,720**	**2,122,130**	**376,673**	**2,498,803**
	(133,719)	(133,719)		(133,719)	(4,273)	(137,992)
	237,720	237,720	(237,720)	-		-
(1,729)	**558,814**	**712,185**	**-**	**1,988,411**	**372,400**	**2,360,811**
		-		-	(879)	(879)
	-	-		-	-	-
	-	-		-		-
	(1,061)	(1,061)		(1,061)	96	(965)
(456)		(456)	103,215	102,759	6,599	109,358
			103,215	103,215	6,586	109,801
(456)	-	(456)		(456)	13	(443)
(2,185)	**557,753**	**710,668**	**103,215**	**2,090,109**	**378,216**	**2,468,325**
(17,353)	**468,384**	**642,396**	**242,116**	**2,185,443**	**376,928**	**2,562,371**
	242,116	242,116	(242,116)	-		-
	-	-		-	(104)	(104)
	-	-		-	-	-
	415	415		415	(415)	-
	333	333		333	(1)	332
(23,159)	-	(23,159)	99,940	76,781	5,832	82,613
			99,940	99,940	6,624	106,564
(23,159)	-	(23,159)		(23,159)	(792)	(23,951)
(40,512)	**711,248**	**862,101**	**99,940**	**2,262,972**	**382,240**	**2,645,212**

CONSOLIDATED STATEMENT OF CASH FLOWS

thousands of euro

	First three months 2019	First three months 2018
A. Opening cash and cash equivalents	**369,318**	**169,086**
Cash flows from operating activities		
Profit/(loss) for the period	106,564	109,801
Adjustments:		
Income tax expense for the period	45,315	48,211
Share of profit (loss) of associates and joint ventures	76	636
Net financial expense (income)	19,819	18,686
Amortisation of intangible assets and depreciation of property, plant and equipment	94,279	82,519
Net impairment losses (reversals of impairment losses) on assets	-	470
Net provisions for risks and other charges	26,154	19,765
Capital (gains) losses	(45)	35
Utilisations of employee benefits	(6,200)	(1,746)
Utilisations of provisions for risks and other charges	(9,364)	(5,460)
Change in other non-current assets and liabilities	(2,626)	(1,762)
Other changes in capital	(8,608)	(8,151)
Taxes paid	-	-
B. Cash flows from operating activities before changes in NWC	**265,364**	**263,004**
Change in inventories	27,952	21,715
Change in trade receivables	(194,800)	(143,878)
Change in tax assets and other current assets	20,746	(30,798)
Change in trade payables	20,174	(50,390)
Change in tax liabilities and other current liabilities	67,194	73,899
C. Cash flows from changes in NWC	**(58,734)**	**(129,452)**
D. Cash flows from/(used in) operating activities (B+C)	**206,630**	**133,552**
Cash flows from /(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(85,454)	(67,531)
Investments in financial assets	(3)	-
Proceeds from the sale of investments and changes in assets held for sale	237	8,754
Changes in consolidation scope	(16,205)	-
Dividends received	320	338
E. Total cash flows from/(used in) investing activities	**(101,105)**	**(58,439)**
F. Free cash flow (D+E)	**105,525**	**75,113**
Cash flows from/(used in) financing activities		
Capital increase	-	-
Dividends paid	(4,329)	(879)
New non-current loans	750	-
Repayment of non-current loans	(100,604)	(25,902)
Change in financial liabilities	(25,009)	(31,526)
Change in financial assets	(15,263)	(4,440)
Interest paid	(4,367)	(2,935)
Interest received	3,803	3,797
G. Total cash flows from/(used in) financing activities	**(145,019)**	**(61,885)**
H. Cash flows for the period (F+G)	**(39,494)**	**13,228**
I. Closing cash and cash equivalents (A+H)	**329,824**	**182,314**

LIST OF FULLY CONSOLIDATED COMPANIES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Iren Ambiente S.p.A.	Piacenza	Euro	63,622,002	100.00	Iren
Iren Energia S.p.A.	Turin	Euro	918,767,148	100.00	Iren
Iren Mercato S.p.A.	Genoa	Euro	61,356,220	100.00	Iren
Ireti S.p.A.	Genoa	Euro	196,832,103	100.00	Iren
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100.00	IRETI
Acam Ambiente S.p.A.	La Spezia	Euro	6,313,620	100.00	Iren Ambiente
AMIAT S.p.A.	Turin	Euro	46,326,462	80.00	AMIAT V
AMIAT V. S.p.A.	Turin	Euro	1,000,000	93.06	Iren Ambiente
ASM Vercelli S.p.A.	Vercelli	Euro	120,812,720	59.97	IRETI
Atena Trading S.r.l.	Vercelli	Euro	556,000	100.00	ASM Vercelli
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Busseto Servizi S.r.l.	Busseto (Parma)	Euro	3,990,000	100.00	IRETI
CMT S.p.A.	Turin	Euro	500,000	100.00	San Germano
Coin Consultech S.r.l.	Reggio Emilia	Euro	10,000	72.87	Studio Alfa
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	IRETI
Formaira S.r.l.	San Damiano Macra (Cuneo)	Euro	10,000	100.00	Maira
Immobiliare delle Fabbriche S.r.l.	Genoa	Euro	90,000	100	Iren Acqua
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60.00	IRETI
Iren Acqua Tigullio S.p.A.	Chiavari (Genoa)	Euro	979,000	66.55	Iren Acqua
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	IRETI
Iren Rinnovabili S.p.A.	Reggio Emilia	Euro	2,596,721	60.00	Iren Energia
				20.00	Iren Ambiente
				20.00	Iren Mercato
Maira S.p.A.	San Damiano Macra (Cuneo)	Euro	596,442	66.23	Iren Energia
Monte Querce S.c.a.r.l.	Reggio Emilia	Euro	100,000	60.00	Iren Ambiente
ReCos S.p.A.	La Spezia	Euro	12,466,000	98.60	Iren Ambiente
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
San Germano S.p.A.	Turin	Euro	1,425,000	100.00	Iren Ambiente
Spezia Energy Trading S.r.l.	La Spezia	Euro	60,000	100.00	Iren Mercato
Studio Alfa S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Rinnovabili
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente

LIST OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Joint Ventures

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Acque Potabili S.p.A.	Turin	Euro	7,633,096	44.92	IRETI
Olt Offshore Toscana LNG S.p.A. (1)	Milan	Euro	40,489,544	46.79	Iren Mercato

(1) Company classified among assets held for sale

Associates

Company	Registered office	Currency	Share capital	% interest	Shareholder company
A2A Alfa S.r.l.	Milan	Euro	100,000	30.00	Iren Mercato
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25.00	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25.00	IRETI
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	46.00	IRETI
Aguas de San Pedro	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	IRETI
Aiga S.p.A. In arrangement	Ventimiglia	Euro	104,000	49.00	IRETI
Amat S.p.A.	Imperia	Euro	5,435,372	48.00	IRETI
Amter S.p.A.	Cogoleto (Genoa)	Euro	404,263	49.00	Iren Acqua
ASA S.p.A.	Livorno	Euro	28,613,406	40.00	IRETI
ASTEA S.p.A.	Recanati	Euro	76,115,676	21.32	Consorzio GPO
Asti Energia e Calore S.p.A.	Asti	Euro	120,000	34.00	Iren Energia
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Energia
Campo Base S.r.l.	Cuneo	Euro	20,000	49.00	Maira
CSP Innovazione nelle ICT S.c.r.l.	Turin	Euro	600,000	25.00	Iren Energia
Domus Acqua S.r.l.	Domusnovas	Euro	96,000	29.00	IRETI
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25.00	IRETI
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40.00	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c.a r.l.	Parma	Euro	20,000	30.00	IRETI
Iniziative Ambientali S.r.l.	Novellara (Reggio Emilia)	Euro	100,000	40.00	Iren Ambiente
Mondo Acqua S.p.A.	Mondovì (Cuneo)	Euro	1,100,000	38.50	IRETI
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	10.00	IRETI
				15.00	AMIAT
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	IRETI
Plurigas S.p.A. (2)	Milan	Euro	800,000	30.00	Iren
Rio Riazzone S.p.A. (1)	Castellarano (Reggio Emilia)	Euro	103,292	44.00	Iren Ambiente
Seta SpA	Turin	Euro	12,378,237	48.85	Iren Ambiente
Sinergie Italiane S.r.l. (1)	Milan	Euro	1,000,000	30.94	Iren Mercato
So. Sel. S.p.A.	Modena	Euro	240,240	24.00	IRETI
STU Reggiane S.p.A.	Reggio Emilia	Euro	6,587,558	30.00	Iren Rinnovabili
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50.00	IRETI
Valle Dora Energia S.r.l.	Turin	Euro	537,582	49.00	Iren Energia

(1) Company in liquidation

(2) Company in liquidation classified among discontinuing operations

Certification by the Financial Reporting Manager pursuant to Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998 (“Testo Unico della Finanza” [Consolidated Finance Act]);

The undersigned Massimo Levrino, Financial Reporting Manager of IREN S.p.A declares, pursuant to paragraph 2 of Article 154-bis of the “Testo Unico della Finanza” [Consolidated Finance Act] that the accounting information contained in this Consolidated Quarterly Report at 31 March 2019 corresponds to the documentary records, books and accounting entries.

13 May 2019

Administration, Finance and
Control Manager and
Financial Reporting Manager appointed under Law
262/05

Massimo Levrino

Iren S.p.A.
Via Nubi di Magellano, 30
42123 Reggio Emilia - Italy
www.gruppoiren.it